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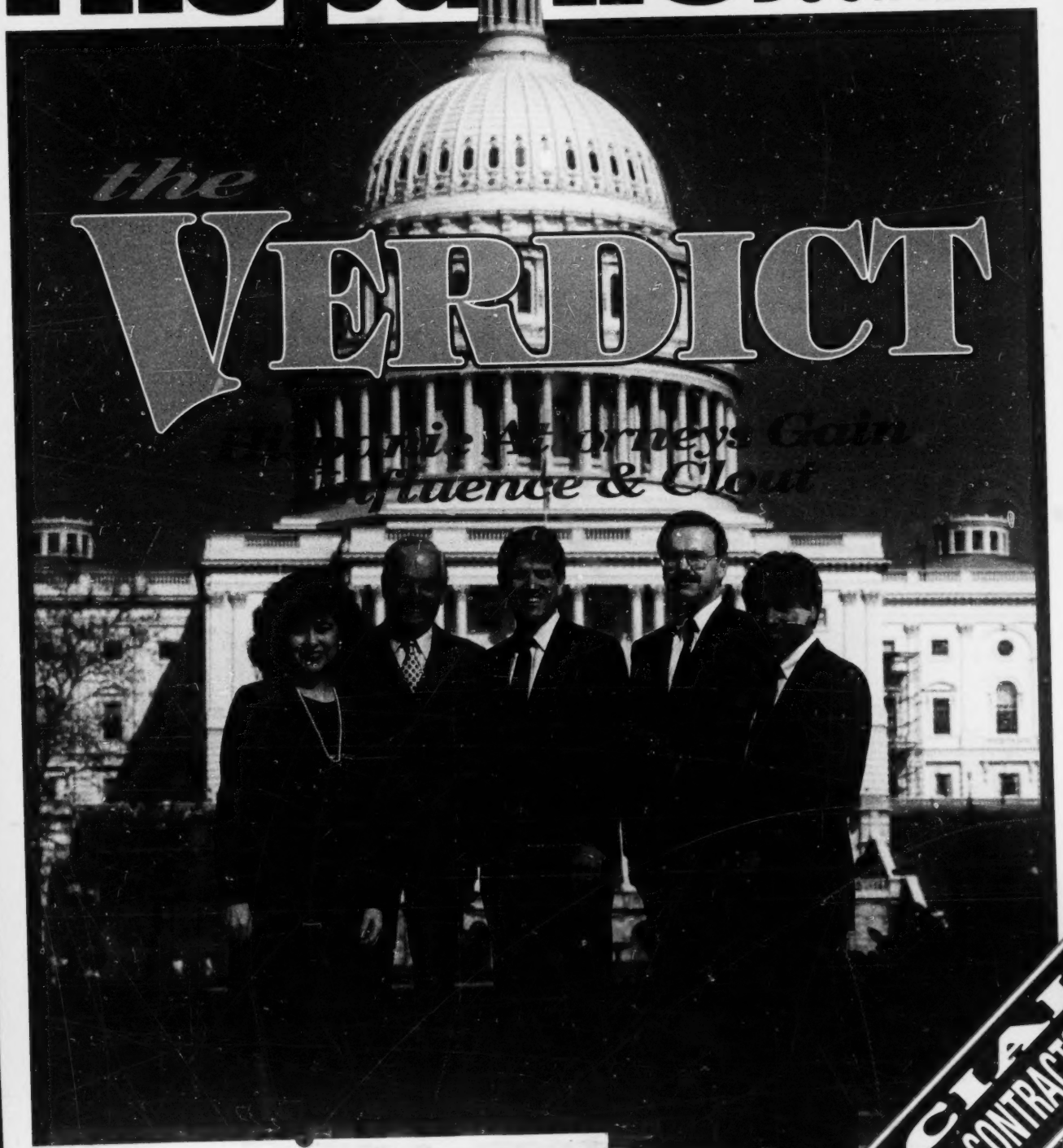

the VERDICT

Hispanic Attorneys Gain Influence & Clout

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Hispanic BUSINESS

The magazine for growth companies and ladder-oriented professionals

July 1990 Volume 12, Number 7

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From left: Regina T. Montoya, a partner with Akin, Gump, Strauss, Hauer & Feld in Dallas; Edward Hidalgo, former secretary of the Navy; Jaime Ramon, general counsel of the U.S. Office of Personnel Management; Jimmy Gurule, professor at Notre Dame Law School and president of the Hispanic National Bar Association; and Michael Baldonado of the Equal Employment Opportunity Commission.

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Photo by Tony Jackson. This month's cover design by Buffalo Brothers Studios West.

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DIRECT LINE

The 1980s: as they recede on the horizon we see more clearly that they brought significant economic advancement for Hispanics as well as for women and other minority groups. By economic advancement we mean not just progress in median household income, but gains in Hispanic business formation and in that category the Census Bureau calls "professionals and managers."

Keeping the '80s in mind, our focus this month is on a group of professionals who affect every other business in this country—lawyers.

Hispanic attorneys 10 years ago were focusing primarily on social issues and public advocacy. Now, as Rick Mendosa's cover articles illustrate, we see a Hispanic legal profession that encompasses a diversity of specialties and is establishing full-service law firms. It is penetrating the leading urban law firms and beginning to occupy teaching posts in top law schools.

While some of our legal "pacesetters" speak of their dissatisfaction with the limitations of this progress, it is significant nonetheless. Lawyers essentially exist to bring disputing parties together on the theoretically neutral ground of the courts and help them communicate and resolve disputes. Since the worlds of business, government, and society at large are often beset by disputes and conflicts, lawyers have a crucial role to play.

On the other hand, our review of the advances of the '80s did not turn up a broadly defined Hispanic legal agenda.

One issue that *is* receiving broad, visible attention is the question of fair political representation for Hispanics. A case that Hispanic lawyers mentioned to us time and again is the Watsonville, California decision, which abolished "at-large" elections (where the City Council is selected by city-wide election) and called for separate "single member" voting districts (giving districts with large minority populations a chance to elect minority-group representatives).

Another critical case was Garza vs. Los Angeles County, in which a federal judge ruled as this issue went to press that the Los Angeles County Board of Supervisors illegally discriminated against Hispanics when it drew district boundaries.

A second issue that has achieved much needed visibility is the drive to get a Hispanic on the U.S. Supreme Court.

But to our surprise, none of the attorneys we spoke with emphasized a need to counter the effects of the 1989 Supreme Court decision in Richmond vs. Croson. That decision struck down the city of Richmond's provision guaranteeing minority-owned businesses 30 percent of the city's construction contracts, and strikes to the heart of all the advances in equal access and employment that we made during the '60s and '70s. Specifically, it casts doubt on current laws in 36 states and hundreds of cities requiring set-aside programs that guarantee a piece of the business for minorities.

We believe the time has come to take a strong public stand on these issues—to be vigilant and proactive in averting a negative ripple effect, rather than waiting for it to happen. And we believe the Hispanic National Bar Association is the logical champion of our agenda for the '90s. Clearly they have become a major force in recent years, with strong leadership. Their president has just received the Bush administration's nomination to be the first Hispanic assistant attorney general.

Now's the time to exert that new strength.

Editor & Publisher

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EDITOR AND PUBLISHER
Jesus Chavarria

ASSOCIATE PUBLISHER
Bonnie Chavarria

SENIOR EDITORS
Janet Glashoen, Rick Mendosa
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Sharon R. Everitt
EDITORIAL/RESEARCH ASSOC.
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Seymour S. Zogott, Mary C. Zogott

ADVERTISING
Main Office:
Arthur N. Markos, Nat'l Sales Mgr.
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360 S. Hope Ave., Ste. 300C
Santa Barbara, CA 93105
(805) 682-5843

New York Sales Office:
(212) 688-0052

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Dynamedia Inc.
Joe Lenz, Manager
640 North Woodward Ave., Ste. 102
Birmingham, MI 48009, (313) 647-7447

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Of The People, By The People

The U.S. Office of Personnel Management (OPM) has joined with the Hispanic Association of Colleges and Universities (HACU) and National Image, Inc., to form "Project Partnership," a program to recruit more Hispanic students into federal government careers. The agreement, which covers two years, is intended to provide job opportunities in the federal government to Hispanic students during their transition from high school to college. The program will also promote recruitment through regional and national conferences, and provide financial assistance to Hispanic students through summer and part-time employment. The partnership plans to use existing federal programs as well, such as the Federal Junior Fellowship Program, the Stay-in-School Program, and the Cooperative Education Program. "Despite gains in recent years, Hispanics continue to be under-represented in the federal work force," says OPM Director Constance Berry Newman. "I consider this partnership a milestone in establishing career opportunities in the federal government for Hispanic students."

Have I Got A Franchise For You

Franchise sales executives are the most popular kids on the block lately. The demand for professionals who specialize in selling franchises is currently exceeding the supply in the industry. "The competition is getting keener, and there aren't enough experienced people out there," says Jerry Wilkerson, president of Franchise Recruiters, Ltd., in Crete, Illinois. "People who can effectively sell franchises are few and far between," adds Larry C. Jordan, president of Las Vegas Discount Golf & Tennis, Inc. Mr. Jordan has doubled the commissions he offers to sales representatives but still has trouble filling all his sales slots. In order to keep their best sales people, franchisers are starting to offer guaranteed compensation and large bonuses rather than straight commissions. Mr. Wilkerson says recruited franchise sales executives are receiving pay guarantees that are 10 percent higher than last year, and he expects these to go up another 15 percent this year, to reach an average of nearly $100,000.

PR about PR

According to the Bureau of Labor Statistics at the U.S. Census Bureau, less than 10 percent of the nation's 150,000 public relations specialists are minorities. The Public Relations Society of America (PRSA) intends to increase that percentage with a program that will recruit and advance minorities in the field of public relations. One facet of the PRSA's program is a campaign to raise $50,000 for minority student scholarships. The campaign is encouraging contributions from major U.S. corporations, public relations firms, and foundations. "Helping talented minority students interested in a public relations career to get a first-rate college education is an important step toward increasing minority representation, which is now not adequate to meet the needs of the profession," says PRSA President H.J. Dalton, Jr. In addition to the scholarship program, the PRSA has also established public relations internships through INROADS, a national minority internship program, and through the Public Relations Minority Management Training Program, a two-year program to help minorities advance to management positions.

Top PRSA Minority Scholarship Fund Contributors

AT&T New York, NY	**$10,000**
PRSA New York, NY	**$5,000**
Burrell Public Relations Chicago, IL	**$2,500**
Ketchum Public Relations New York, NY	**$2,500**
The Rowland Co., Inc. New York, NY	**$1,500**
Public Communications, Inc. Chicago, IL	**$1,000**
CMF&Z PR Cedar Rapids, IA	**$1,000**

(Source: Public Relations Society of America)

Nonprofit Professions

With all the career-related books available today, little attention is given to career opportunities with nonprofit organizations. *Great Careers: The Fourth of July Guide to Careers, Internships, and Volunteer Opportunities in the Nonprofit Sector* is a book that aims to fill that void. It describes the work done by hundreds of nonprofit organizations, including the National Coalition for the Homeless, the Community Careers Resource Center, the Institute for Food and Development Policy, Defenders of Wildlife, and the American Farmland Trust. Written by a team of college career counselors, the book discusses special degree programs for nonprofit careers and lists more than 1,000 resource publications for reference. Also included are chapters on selecting a service career, and on how social consciousness affects your career choice. To order a copy of *Great Careers*, which costs $35.00, write to: Garrett Park Press, P.O. Box 190, Garrett Park, Maryland 20896.

Part Time: Part Good, Part Bad

A new analysis shows that part time jobs can be advantageous, depending on your needs. Currently more than 15 percent of all adults in nonfarm civilian jobs work less than 35 hours a week. About 25 percent of all working women and 9 percent of working men are part time employees. Although usually considered to be low wage jobs, Northwestern University economist Rebecca Blank says part time positions actually pay only 8 percent less for women and 6 percent less for men. In her recent study published in the Brookings Institution volume "A Future of Lousy Jobs," she points out that some part time professional and management positions actually pay slightly better than the comparable full time position. The biggest drawback is the difference in benefits. Part time employees are about 30 to 50 percent as likely as full timers to enjoy health insurance or pension benefits.

AUGUST 1990

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SIZZLE

Companies on the hot griddle of growth.

THE 100 FASTEST GROWING COMPANIES

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The magazine for growth companies and ladder-oriented professionals

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Arcom Electronics board of directors. From left: Toni and Jim Vye, and Armando and Carol Garcia.

Cover

Photo by Rod Johnson. This month's cover design by Buffalo Brothers Studios West.

BPA MEMBERSHIP APPLIED FOR 1/90.

DIRECT LINE

So do we have a recession on our hands or not?

Let's put it this way: When you're completely honest with yourself, what does it *feel* like? My guess is that it doesn't feel very good right now.

I've been traveling and talking with Hispanic CEOs around the country. When I ask them how it's going, they almost always answer in words to the effect that, "If we're not in a recession, it sure feels like one." These are the heads of small businesses, mostly located in the Southwest and Northeast and on the West Coast.

The most positive feedback that I get comes from Texas. CEOs there say they feel the economy is bouncing back. But you have to know where the Texas economy has been to appreciate that optimism. Considering what the oil patch has been through, *any* change is bound to feel good.

In the rest of the country business has definitely slowed down. The signs are there for everyone to see. Even if your most serious reading is the comic pages, you could have followed the decline of "The Donald" this summer. Donald Trump became like the rest of us, as much concerned with the art of survival as with the art of the deal.

The Trump crisis was only one highly visible manifestation of the crunch that's now affecting real estate just about everywhere. In the same way, the recent failure of Bonwit Teller was a reflection of the weakness of the retail sector. Automobiles continue to drag. And the impact of the S&L disaster, already the most expensive bailout in the nation's history, keeps getting worse and worse.

And if American businesses are to be saddled with higher taxes, as now looks more and more likely, tight profit margins could be squeezed even further.

But not so fast. The definition of a "recession" is still "two successive quarters of negative growth." While that may be true in certain industries and in some parts of the country, and while we reported in our June issue that minority businesses are feeling a softness, things still aren't that bad across the board.

At the Commerce Department, Chief Economist Tony Villamil says the economy has slowed down, but *is still growing*. To quote him, we're still in a "record peacetime expansion now going on its eighth year." (See "Nuts and Bolts of Dollars and Sense" in this issue.)

Mr. Villamil is even optimistic that in the second half of this year our interest rates will fall, triggering a further boost to growth.

Mr. Villamil tells us that if you look at the U.S. economy as a whole, you will see some important pockets of strength as well as those all-too-apparent pockets of weakness. For example, he points out that exports and investment in manufacturing plant and equipment are strong. He maintains that there's "definitely no significant probability of recession on the horizon."

Let's all cross our fingers and hope he's right.

Meanwhile, in the midst of what is unquestionably a slower economy, some companies continue to perform amazing feats of growth. This issue honors the 100 fastest growing U.S. Hispanic-owned companies, which have chalked up average sales gains of 372 percent over the past five years. We titled our story about them "So Far, So Fast."

What makes these 100 companies different? Read on and see.

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ASSOCIATE PUBLISHER
Bonnie Chavarria

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Janet Gleason
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Joseph Wells

CONTRIBUTING EDITORS
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Dory Owens, George Volsky Miami
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THE TOP 100
Cover Story

SO FAR SO FA

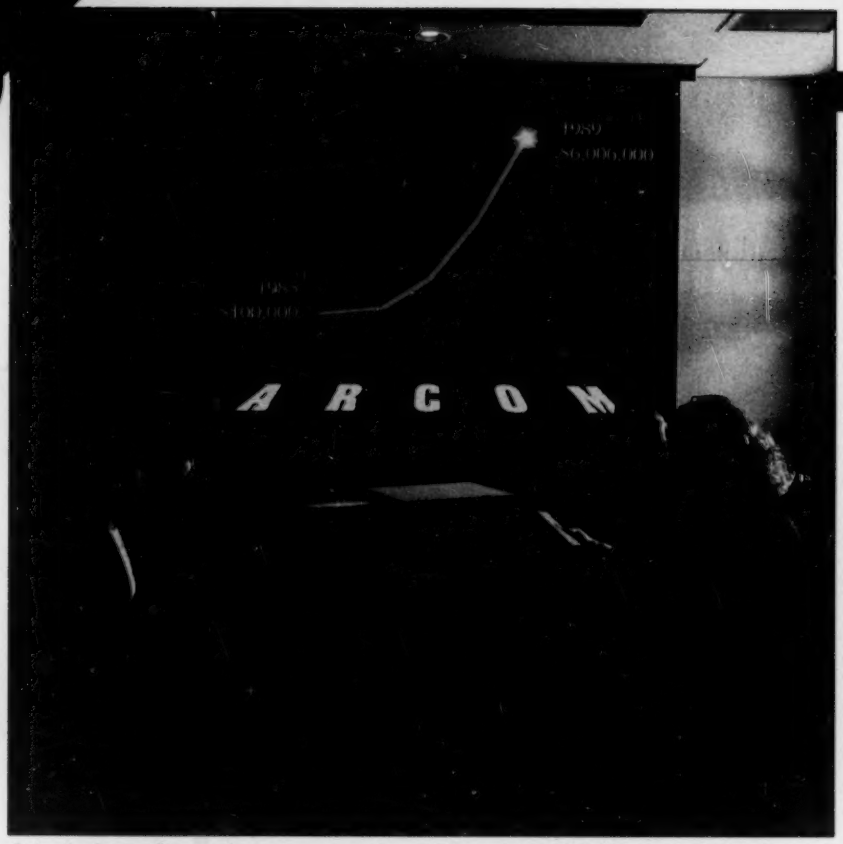

Photo by Rod Johnson Photography. Corporate growth slide by Alpert Designs.

Sales for Arcom Electronics are up, up, and away! Arcom's board of directors includes, from left, Carol Garcia, President Armando Garcia, Vice President Jim Vye, and Toni Vye.

While the economy stays flat, sales sizzle for the 100 fastest growing Hispanic companies.

How do they do it? How is it that some companies can continue to grow even in hard times? To find the answers to these questions, HISPANIC BUSINESS talked to the CEOs of many of the Hispanic-owned companies that had the fastest growth between 1985 and 1989.

There can be no doubt that it's getting harder to make a buck, with all the signs telling us we've entered a period of economic stagnation, if not worse. We reported in our June issue that sales are flat for the average HISPANIC BUSINESS 500 company, and now our survey of the 100 fastest growing shows these businesses have been affected too.

Total sales of this year's top 100 growth companies are down $96.2 million from the total for last year's list. Also, while the 100 are certainly expanding fast, the median rate of growth has tapered off for the past two years. The typical company on this year's list posted sales increases of 372 percent between 1985 and 1989. Last year the comparable figure was 508 percent, and the year before that it was 555 percent.

TOP TEN by Sales

Rank	Company	1989 Sales ($M)
1	Eagle Brands Inc.	$73.20
2	Precision Trading Corp.	64.00
3	RJO Enterprises Inc.	60.25
4	Maya Construction Co.	55.00
5	Infotec Development Inc.	53.12
6	Cacique Inc.	38.80
7	Mexican Industries in Michigan Inc.	38.06
8	Pacifica Services Inc.	35.00
9	Spanish Broadcasting System Inc.	33.00
10	The Vincam Group	30.10

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Additionally, total employees for the 100 are down by 579, and productivity—measured as sales per employee—has also decreased, from $92,000 to $88,841.

While almost all of our top 100 expanding companies are making money, the trend here too is down. Of those who responded to our question about profitability, 89 said they made a profit, compared with the 93 who responded positively last year.

In times such as these, the companies that rise to the top are truly unusual. And different. Perhaps the most striking conclusion from our survey is that the ability to see opportunities—rather than a focus on any specific geographic area or industry—is what these businesses have in common.

As might be expected, there is a greater concentration in Florida and California, which have 21 and 20 companies respectively. All but one of the California companies are located in the Greater Los Angeles area—but that one exception is the fastest growing company of all. Arcom Electronics in San Jose grew 20,000 percent between 1985 and 1989.

In terms of industry focus, the top three companies on our list are all involved with one aspect or another of the computer business. Arcom Electronics is a distributor of data communications equipment. Comprehensive Technologies International (CTI) in Chantilly, Virginia develops software. And McBride and Associates of Albuquerque installs computer systems. Ten other companies are also working in this sector of the economy, which despite its ups and downs remains hot. By comparison, seven computer-related businesses made the fastest growing list last year.

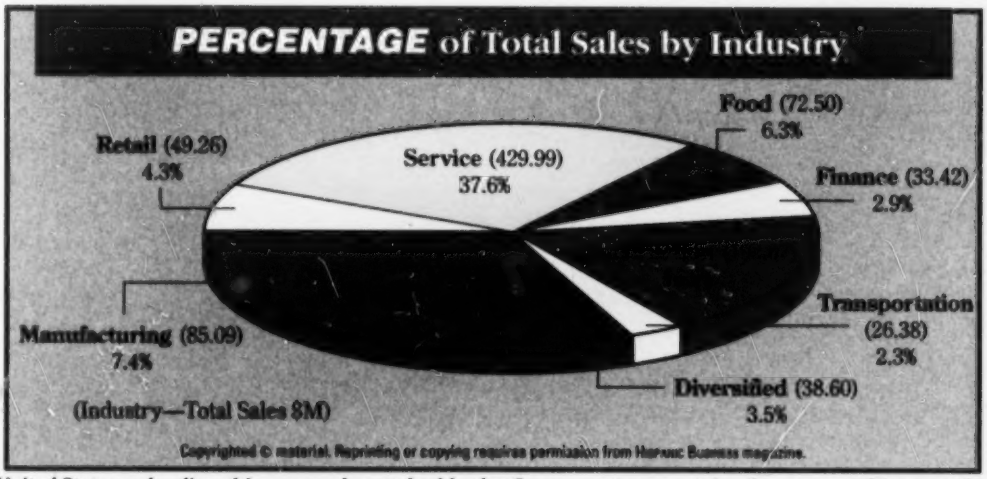
Thirteen companies, including Arcom Electronics, are involved in distributing other companies' goods, and we counted 11 that are directly involved in foreign trade—a seeming trend.

Hard as it is to qualify for this elite list of fastest growing firms, it's even harder to stay on the list. We reported two years ago, for example, that only 13 companies repeated from the previous list. We were therefore amazed to count 44 repeaters from last year's list. And 20 of these actually moved up in the rankings. Jason International Optical was the only one to remain in the top 10, however, moving up from 10th to 7th place. Corella Electric, an electrical contractor in Phoenix, made the biggest jump, from 97th to 40th place.

Last year's number 1 company, Pueblo Broadcasting Corp., chalked up more modest growth this year, moving down to 13th place. Pueblo owns Houston's Channel 45, a Univision affiliate. CEO J. Adan Treviño says his company remains "in an expansion mode" and is looking to purchase a second television station. This one will be in the Rio Grande Valley, he says.

If one theme emerged more than any other in our discussions with the CEOs of the fastest growing companies, that theme was flexibility. The path of success is clearly not the shortest distance between two points. Twists and turns along the way characterize these successful businesses. For example, in the five-year period between 1985 and 1989 Armando Garcia, CEO of Arcom Electronics, changed the company's role from that of a manufacturers rep to that of a broker, and finally made it a full-fledged distributor. In fact, Arcom

PERCENTAGE of Total Sales by Industry



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is an offshoot of another company that Mr. Garcia founded earlier. The first business, Dicar Inc., is growing much more slowly.

The founders of the second fastest growing company—software marketer CTI—at first had visions of selling products that would improve productivity in underprivileged communities throughout the United States and Latin America. By late 1984, however, it became apparent that their vision was flawed, and CTI had to reevaluate its corporate direction. At that point the Defense Department became CTI's primary market.

TOP TEN by Sales per Employee

Rank	Company	Sales/Emp. ($M)
1	Interamerican Trading & Products Corp.	$3.50
2	Rivasal International	2.17
3	Precision Trading Corp.	1.83
4	Plastec USA Inc.	1.00
5	TMC Electronics Corp.	0.96
6	Melloul Travel Consultants	0.68
7	Algus Enterprises Inc.	0.66
8	Intercontinental Metals Inc.	0.62
9	Scion Steel Inc.	0.55
10	McBride and Associates Inc.	0.54

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And while five years ago it made sense to focus primarily on the military, CTI soon had to shift gears again. As CEO Celestino Beltran puts it, "If you didn't plan two years ago [to diversify from defense] you are going to be hurt this year." CTI consequently continues to show amazing growth, projecting sales of about $20 million this year—almost double the figure for 1989. Mr. Beltran's current projection is that CTI will be a $500 million company in five years, and that its military business will "cap out at $50 million—representing 10 percent of total sales."

Like CTI, RJO Enterprises of Lanham, Maryland (number 15), is located in the Washington, D.C. area and has been dependent on military contracts. The CEO of RJO Enterprises, Richard Otero, also started planning years ago to reduce his dependence on the military. RJO has shifted from a focus on research and development to production of an optical storage retrieval system, sold primarily outside the federal government.

"What happened in the defense industry was a good thing from our perspective," Mr. Otero says. "It gave us a kick in the pants to get our act together and move out quicker." Another incentive to do civilian contracting, he says, is that Defense Department profit margins are only 6 to 8 percent, compared with the 40 percent he can make on some of his products in the civilian marketplace.

Aside from flexibility, the secret of success for Mr. Otero is in the details. "You have to do 100,000 things a little better than your competition," he says confidently.

Another company that saw the need to diversify away from reliance on military contracts is fifth ranked Orion International Technologies in Albuquerque. The Defense Department provided 95 percent of the company's sales of $3.6 million in 1989, but by next year that percent will drop to less than half, according to Augustine A. Apodaca, Orion's director of finance and administration. "A small company like Orion can be more flexible than a larger one," Mr. Apodaca believes. Orion has been able to shift gears, follow the money, and pick up contracts from the Department of Energy in its target field of

systems engineering and integration.

Not every defense contractor is feeling the military budget pinch. One strong exception is Jay Automotive Specialities, which still gets 95 percent of its business from supplying spare parts for military vehicles. The company moved up to 18th place on this year's list, from 30 last year. "The military still has to operate vehicles, so our market is fairly stable," says CEO John Sotomayor. His company now services 27 military bases and recently added the Kennedy Space Center.

For Simdex Inc.—the 8th fastest growing company—the path has been especially rocky. That company was forced to seek the protection of Chapter 11 at the end of May. Simdex runs a technical school that depends on federal funds for about 95 percent of student tuition. One problem, explains CEO Dion Padin, is that new government policies are delaying payment to all schools for one to three months. Another negative is the company's loss of all but $200,000 of a peripheral $700,000 investment it made in a Houston manufacturing company last year. Simdex expects to come out of Chapter 11 status this month.

Di-REC Services in Dallas, a full line personnel agency that ranked 29 on our list, has also traveled a bumpy road. "I was almost ready to shut the doors two or three years ago," remembers CEO Roland Cordobes. After three straight months of losses he had to admit that business was terrible. But he decided to give the company one final chance and at the last possible moment snagged a contract big enough to keep him afloat until repeat business and word-of-mouth built a solid business base.

Mr. Cordobes set a standard of "always going out of our way to make sure we deliver exactly what we promise." Since what he promises is qualified people, he has had to struggle hard to counter the worsening drug epidemic. One tactic is to do more drug testing. For example, "In the past three weeks," he told us, "we actually tested *everybody*." Of those tested, between 15 and 20 percent flunked.

The biggest growth for 14-year-old E.T. LaFORE Inc., a Denver construction company, came during the 1987-89 downturn in the construction market. CEO E.T. LaFore says the slump encouraged his company to compete more aggressively. The company moved up from 47th place on last year's fastest growing list to 20th place this year with sales of $9.8 million. In 1990, says Mr. LaFore, sales will exceed $20 million.

The secret for Mr. LaFore is in hiring smart people. Like *Fortune* 1,000 companies, he uses headhunters to find all his key personnel. "When you think just like the big boys and do it on a smaller scale," he maintains, "you're going to be right next to them."

For J.R. Food Service in Chino, Califor-

INSIDE the 100

Number of Companies by Industry

Service	40	Food	5
Construction	17	Transportation	4
Wholesale	14	Finance	3
Retail	7	Diversified	3
Manufacturing	7	Agriculture	0

Total Sales 1989	$1,142.8 Million
Total Sales 1985	$233.2 Million
Percent Increase	390%
Avg Sales/Emp. 1989	$89,841
Avg Sales/Emp. 1985	73,557
Percent Increase	22%
Total Employees 1989	12,720
Total Employees 1985	3,168
Percent Increase	301%

Number of Companies by Profit Range

16% or More	13	Break Even	4
6-15%	43	Loss	1
1-5%	33	No Answer	6

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TOP TEN by Employment Growth

Rank	Company	New Emps	% Growth
1	Salas Concessions Inc.	353	8,825
2	Comprehensive Technologies Int'l Inc.	202	3,880
3	Atlantic Resources Corp.	63	3,150
4	The Vincam Group	1,770	2,213
5	Pueblo Broadcasting Corp.	44	2,200
6	Arcom Electronics Inc.	28	1,400
7	Scientech Inc.	112	1,400
8	Orion Int'l Technologies Inc.	51	1,275
9	McBride and Associates Inc.	25	1,250
10	Simdex Company Inc.	128	1,067

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nia—number 19 on the list—product diversification opened a new avenue of growth. CEO Rick Duran had been in the pickle production and distribution business for years. Then, he says, his son Jeffrey convinced him that "as long as we are going to all these stores anyway, why not add some lines?" Consequently they have expanded from a line of seven or eight pickle products to more than 250 items, including frozen meats, chicken, and French fries.

Jorge Casimiro, the CEO of number 50—Jesse Fence Co.—says the secret of his company's success is the Hispanic work ethic. "No job is below us," he says. "I get my hands dirty and all of my executives do—we have no prima donnas here." By working side by side with his employees, Mr. Casimiro has established the biggest fencing firm in the area. Considering that this area is the depressed city of Houston, Jesse Fence's fast growth is truly remarkable. "We just cut our prices and outhustled the competition," Mr. Casimiro smiles.

Several firms also reported that the Small Business Administration's 8(a) set-aside program eased their start-up woes. Until this year, when Virginia-based CTI began to diversify out of defense, essentially all of its sales were through the 8(a) program. Cristobal Berry-Caban, CEO of the 4th ranking Atlantic Resources Corp. in Reston, Virginia, also gives credit to 8(a). "It has been working for us," he says. Atlantic Resources does research and evaluation studies in health and education. Both firms undoubtedly have an advantage in being located near SBA headquarters in Washington, D.C.

E.T. LaFORE Inc., the Denver construction firm, has also benefited considerably from the 8(a) program. Mr. LaFore says that 40 percent of his business is coming through the program.

On top of all the normal problems of starting a business, the 100 CEOs of our fast growing companies had to face a very special risk: that of growing *too* fast. Several of them emphasized this experience, including Armando Garcia of Arcom Electronics, who says he felt the pinch of both personnel and cash shortages. Mr. Garcia says he recently had to cut back his staff size from 30 to 24, laying off less technically qualified employees whom he had hired to keep up with the company's rapid growth. He also found he had too many dollars tied up in inventory.

As Mr. Otero puts it, "With perfect hindsight I would say we were growing too fast. We certainly outstripped our ability to build an infrastructure for the company. We've come very close to outstripping our ability to finance ourselves." As with businesses everywhere, Mr. Otero says, the two major concerns of the fastest growing businesses boil down to this: "It's people and money."

How to Make It in Five Fast Years

To qualify for the HISPANIC BUSINESS listing of 100 fastest growing companies, a company must be 51 percent U.S. Hispanic-owned and report all appropriate statistics. Companies are ranked according to cumulative increases in gross sales over a five year period. This time frame eliminates new companies that can report astronomical percentage growth because of their initial diminutive size. The methodology also sifts out firms that do not survive the start-up phase and discounts quick or one-time growth spurts. The result is a list of functioning companies that have averaged significant growth over time.

#1

Armando Garcia
Arcom Electronics Inc.
Data Communications Hardware Distributor
San Jose, California

By Rick Mendosa

To be the fastest growing Hispanic business in the United States you have to have more than just great products. When Armando Garcia started Arcom Electronics Inc. in California's Silicon Valley five years ago he understood that many other distributors of data communications equipment weren't taking the customer's needs into account.

He had worked for some of those distributors, gaining a rare combination of experience in electronics, sales, and management. But they wanted him to push the product lines they carried, even when that wasn't the best solution for the customer. Mr. Garcia was determined to be different. His experience had also taught him the value of an extraordinary dedication to customer satisfaction, and he believed this meant selling what the customer needed, even if it wasn't a line he carried.

"If the customer wants a certain product and we don't carry it, we give them a price on it," Mr. Garcia says. He gets little markup on such sales because they don't involve his special connections. But if it completes a package deal, it ensures a happy customer. Customer satisfaction "really is that simple," Mr. Garcia emphasizes.

"We started doing this in selling to Apple Computer," he goes on. Apple subsequently became one of Arcom's largest accounts, with annual purchases of more than $1 million. Now, most of what Arcom sells goes to large *Fortune* 500 companies like Apple, including Ford Aerospace and Lockheed. Banks are also big customers.

These corporations rely heavily on what Arcom handles—equipment to connect computers together, such as cables, multiplexers, and modems. Arcom gets its cables from another Silicon Valley company called Dicar Inc., where Mr. Garcia has a special connection. He owns 60 percent of that business, which he founded 10 years ago with his brother Ed, now Dicar's manager and the minority shareholder. In fact, Dicar initially provided office space for the fledgling Arcom company, which has since moved about five miles away. Dicar's sales last year were $1.2 million.

Another important recently founded Silicon Valley connection is SynOptics Communications. When SynOptics supplied Arcom's first big order, it created a major turning point for the still precarious new distributor. In fact, not making that sale "might have wiped us out," Mr. Garcia recalls.

Arcom's vice president, Jim Vye, set up the arrangement with SynOptics. Mr. Vye, who owns the 37 percent of Arcom that doesn't belong to Mr. Garcia, is also Mr. Garcia's brother-in-law. He initiated the deal by lining up a potential customer, Tandem Computers, which needed $100,000 worth of SynOptics equipment to connect its computers in a local area network. Arcom's first problem was to raise funds to buy the equipment. Mr. Garcia found the needed money, but then was nervous that SynOptics might make an end run directly to Tandem. So when SynOptics Chief Financial Officer Bill Ruehle made an appointment to meet with them the next day, Mr. Garcia was sure they were about to be squeezed out. But "the CFO was just seeing if we were for real," Mr. Garcia remembers, admitting he was astounded to find a company still "doing business based on character."

Armando Garcia is number 1 (the president) at Arcom Electronics, the number 1 (fastest growing) Hispanic company.

Today SynOptics is one of America's fastest growing public companies, with sales last year of more than $77 million. More than $1.5 million of those sales are made through Arcom, one of their top 10 customers.

Mr. Ruehle, who is still CFO of SynOptics, says he decided he would do business with Mr. Garcia and Mr. Vye because he liked them and their "tremendous enthusiasm."

Another $1.5 million of Arcom's sales come from high speed modems manufactured by Telebit Corp. in Sunnyvale, California. Mr. Garcia recalls that during at least one "dry spell, sales of Telebit modems at $10,000 an order kept us going."

With revenues of more than $6 million last year, however, the only dry spell Arcom has to worry about now is the one in California's weather. In fact, the company has been growing too fast, Mr. Garcia says. He hasn't been able to find the skilled employees he needs. Cash flow management is also a problem now that in-stock inventory has crept up to more than $1 million. It turns every 45 days, which is not as fast as he would like, given the firm's low 3 percent margin.

"We're doing good sales, but we're not selling what we have in inventory—we're selling other stuff," he notes. It sounds as though he's still trying to satisfy his customers by selling what he doesn't have. But since this approach is also still making money for Mr. Garcia, there may be worse problems.

#3

Teresa McBride
McBride and Associates
Computer Systems Vendor
Albuquerque, New Mexico

By Rick Mendosa

Teresa McBride is a bundle of seeming paradoxes. A young looking woman of 28, she is still mistaken for a teenager, and clients often ask if McBride and Associates is her father's company. It isn't; he died when she *was* a teenager.

Also, while Ms. McBride started her Albuquerque-based company on a $5,000 shoestring just five years ago, most of her clients are *Fortune* 500 companies. About 90 percent of them are out-of-state.

Further, although she sells and installs the most technically sophisticated computer hardware and software, she never finished college. But she does plan to go back to college in a few years and has already picked her roommate. The delay is because that prospective roommate is her 10-year-old son. We wondered whether Ms. McBride intended to study computer science or business administration. "Neither," she says. "Art and literature are my interests."

And while "McBride" isn't a common Hispanic name, Ms. McBride says she is "100 percent Hispanic." It seems the name came from an Irish railway worker who went to New Mexico about five generations ago. He settled near the town of Grants, which has been the McBride family home ever since.

Ms. McBride actually began her business career when she was in the second grade. In those days she *did* work for her father. He had a restaurant in Grants, which she took over years after he died. That was when she started working with computers. She bought one to automate the restaurant's books and discovered she had a greater affinity for software and microprocessors than for grills and coffee urns.

After detours through a short marriage and a brief enrollment at the University of New Mexico in Albuquerque, Ms. McBride opened the doors of McBride and Associates in 1985. In that first year she had only one associate. Sales amounted to a mere $125,000. Today Ms. McBride has 37 associates, and sales climbed to $14.8 million in 1989. For that phenomenal growth, the company captured third place on this year's list of the fastest growing companies.

Ms. McBride's accomplishments have been recognized by the Bush administration as well. A few months ago she went to the White House to be honored as one of the Small Business Administration's "Top 10 U.S. minority business people of the year." Was she nervous about meeting the President? "Not at all," the young entrepreneur smiles. "He's just your typical friendly person. Even a little ruffled."

Ms. McBride doesn't think it strange that someone from Grants, New Mexico should have such great success working with the country's largest companies. In fact she says her small town values are one of the keys to her success, because in a small town the choice is between "repeat business or no business." Knowing the value of repeat business, she has pursued and won long term relationships with *Fortune* 500 companies, which "are always doing new projects."

Nearly as good as repeat customers are the referrals they provide. "We are marketing actively now," Ms. McBride explains, "but for the first three years our new business was by word of mouth."

Another secret of her success, this CEO believes, is that she pursues a specialized market niche. One reason for that focus is Dick Russell, director of purchasing and materials management at the Sandia National Laboratories, a research and development facility operated by AT&T in Albuquerque. Ms. McBride first heard Mr. Russell talk at a seminar about finding and filling specific market needs. He called the strategy "nichemanship," and she took his advice.

McBride and Associates sells and installs systems for developing computer-assisted solutions to statistical, scientific, and design problems. Mr. Russell became one of Ms. McBride's first customers, and is a big fan. He credits much of her success to persistence. "She stays after the order," he says.

Ms. McBride agrees that "you can't take 'no' for an answer." Unlike her, we probably weren't persistent enough because we never did get the names of McBride and Associates' other major customers. The only time she ever told a reporter the name of a customer, she remembers ruefully, "We had competitors calling on that company the next day. Before that, they didn't know the company existed!"

Looking ahead to the next five years, Ms. McBride plans to keep her company growing. As you might expect, the details of her plans are proprietary, "since the only people who would be interested in them are our competitors." But there is good news for those competitors in the longer term plan. By that we mean, of course, her decision to go back to college when her son is old enough.

Teresa McBride is still in her 20s and has already built her computer company into one of the fastest growing in America.

#7

Victor Suarez
Jason Intl. Optical Inc.

Eyewear Importer
Elizabeth, New Jersey

By Janet Glasheen

Call Victor Suarez, the owner of Jason International Optical Inc. in Elizabeth, New Jersey, and they'll probably put you on hold...just long enough to advertise their product. "We carry the finest in eyewear at the best prices around!" a happy recorded tenor exclaims. "We offer four popular collections of eyeglass frames and sunglasses from the orient and Brazil."

That little message holds the secret of Jason Optical's fast success in a tough segment of the notoriously competitive fashion industry. Mr. Suarez will tell you: it's a combination of "best style, best quality, and best price."

By covering these three bases, Mr. Suarez and his daughter, General Manager Hilda Puckett, have toted up growth of 2,910 percent since 1985, for sales of $3 million in 1989. That's half a million frames: 75 percent of them sold in the United States, 15 percent in the Caribbean, and 10 percent in Mexico.

The most important ingredient in Jason Optical's success—about 50 percent of it—is style, the Cuban-born CEO explains. (And maybe his own friendly curiosity. If you talk with him for more than a few minutes you'll soon be telling him about your lifestyle and eyewear preferences.) "When I first came to this country, and I'm 35 years here," Mr. Suarez says, "I started working in the garment center in New York. I worked as a leather cutter, making jackets, skirts, and so on, and then became a manager. So I have experience with fashion."

But he still had new lessons to learn about that moving target called "style." For example, "you can't try to be too secure when you're buying," he confides. "That happened to me in 1987, when I let my sales manager buy. He was too fussy, too careful, and it was a bad year. You have to take a chance."

Mr. Suarez turned to the business of importing frames after running his own optometry firm. While he says being Hispanic helps him in international sales, it was a handicap with U.S. distributors. "It's very hard. If you have a Hispanic name, there is maybe 20 percent less opportunity for you," he says quietly. "For that reason my 'mainstream' salespeople are able to knock on the doors and get them to open better than I can." Now, Mr. Suarez says, he has a U.S. sales staff of five, doing business with 350 distributors and 50 optical companies, including the largest national chains such as Pearle Vision Center, where they've got about 25 styles now.

"In 1983," Mr. Suarez recalls, "I got my samples together, took my wife and daughter, and went to my first trade show, in Atlantic City. One guy I used to buy frames from was there. He said, 'But you're Cuban! You don't belong here.' I said, 'One day, you're going to be my distributor.' And today he is. But he had to come to me and say 'I'm sorry' 10 times before I said 'OK.'" "So you're more practical than vengeful?" we asked. "Honey," says this experienced businesman with a chuckle, "I've learned one lesson. Whether I'm crying or laughing, I want to be going to the bank."

Victor Suarez says "If I can develop more of the U.S. Hispanic market I'll be a happy man."

Mr. Suarez's new target for expansion is U.S. Hispanics. "That's one of the biggest markets in the world!" he exclaims. "If I can develop more of it, I'll be a happy man." Part of his plan is to give free appointment reminder cards that advertise Jason Optical's styles to Hispanic eye doctors. "We're going to test this in Florida and probably Puerto Rico," he says, and if it works we'll try in other states."

And then he'll expand in Mexico and South America."In my opinion the sky's the limit," the forthright, exhuberant CEO volunteers. "I have everything planned in steps. I don't want to run before I can walk, but if I can go worldwide I'm not going to sit here in this chair."

The strategy will be to offer the going low prices, but "with more quality, more value, than is common in those areas at this moment." He'll do that by doing business as usual: fighting for the best price and quality with suppliers all over the world, and keeping his own expenses low. "My people work well and fast," he says proudly. "We have six persons here at headquarters doing the same amount of work that other companies will have 15 people to do. We don't have layers of management."

Finally, Mr. Suarez would like to get some government contracts. "We're small so they say we have to manufacture in the U.S.A.," he explains. "So probably by 1992 I'll start to have some manufacturing here. But remember there are already 1,001 companies that manufacture in this country trying to get the same contracts."

Then again, maybe it just takes a man who knows you have to take a chance.

#8

Dion Padin
Simdex Co. Inc.
Technical School
Houston, Texas

By Rick Mendosa

Don't tell Dion Padin that to grow a business quickly you have to be in a hot industry or booming local economy. He knows better. His business, the eighth fastest growing Hispanic company in the country, is in the field of education. Mr. Padin owns and runs Simdex Technical Institute in Houston.

When Mr. Padin purchased the Houston welding school where he worked—then called Aircom Technical Institute—five years ago, it was doing so poorly and the local economy was so bad that he didn't actually have to invest any money. The school wasn't worth much more than what he paid for it, producing income of just $264,000 in the first year.

Now, with new course offerings and well over 1,000 students—55 percent of them Hispanic—Simdex's income has increased to $5.2 million. The original campus in Southeast Houston now offers 4- to 9 1/2-month courses in basic and advanced welding, building trades, air conditioning, security, and word processing. A new campus in the city's Southwest section offers courses for travel agents, computer maintenance and repair technicians, secretaries, and accounting and medical clerks.

While average course tuition is almost $5,000, about 95 percent of Simdex's students qualify for full financial aid from a federal guarantee program administered by the state. A further attraction is that successful graduates are required to repay only half of the amount borrowed. Mr. Padin, who is from Puerto Rico, also believes that his Hispanic background is an important attraction, "because we speak the same language. A lot of the students prefer to speak Spanish."

Importantly, only about 22 percent of Simdex's students drop out—a figure that is well within federal guidelines. "They start looking at you when you are about 33 percent," Mr. Padin explains. And, depending on the course, between 60 and 80 percent of the school's graduating students are placed in appropriate jobs immediately. Graduates of the course for security guards are often hired by Simdex itself, which operates a separate security business.

But if Mr. Padin makes it look easy, consider that several other technical schools in the Houston area have gone out of business recently. Simdex in fact has taken over two of those failing schools at the request of the Texas Education Agency (TEA). Their problem, explains TEA Administrative Program Specialist Ken Ball, was that they solicited unqualified students who couldn't be placed upon graduation.

Simdex has "never participated in that kind of activity," says Mr. Ball, who was responsible for regulating the school until recently. "When things [at Simdex] were found wrong—or perceived to be going wrong—Mr. Padin always cooperated fully, sometimes at financial cost to himself. He is a person with a strong social commitment who is willingly working in an area that very desperately needs more good trade and vocational schools."

Dion Padin concentrates on technical training. His Simdex Technical Institute is one of Houston's top schools.

While Houston is now Mr. Padin's home, he has traveled as far as Ecuador to set up training programs—in this case for oil companies. He has even gone—willingly—to prison for his work. "We are doing things that other technical schools have not attempted, such as working with prison programs and parolees," he says enthusiastically. "We have gone into Huntsville [State Penitentiary], for instance, and trained the instructors and some of the inmates in welding."

While Simdex has come far and fast in its first five years, this progress seems just a prelude to what's coming next. For example, Mr. Padin is now finalizing an agreement to train the more than 3,000 meat cutters that the Nebraska-based IBP Corp. needs to hire each year.

IBP, a major subsidiary of Occidental Petroleum and one of the nation's largest meat processors, has annual sales of $9 billion. The Simdex-trained meat cutters will go to work in the company's plants in Texas, Iowa, Nebraska, and Kansas, according to Ken Milbrodt, IBP's director of corporate training and development. "We are working right now," he says, "to tailor a program emphasizing safety and meat cutting si[illegible]

Mr. Dion has also set his sights on Sears, Roebuck and Co., which he says is looking at training some 15,000 appliance-repair technicians over the next four to five years as the company branches out to service non-Sears brands. Preliminary negotiations between Simdex and Sears are underway.

Both the IBP and Sears training programs would require Simdex to undertake a major expansion into additional cities. That's fine with Mr. Padin. He says he'll be glad to go anywhere the business takes him.

#27

Luis O. Riva Saleta
Rivasal International

Cincinnati, Ohio
International Marketing

By Janet Glasheen

The French writer Alexis de Tocqueville wrote a book entitled *Democracy in America* back in 1835 that described us Americans so keenly we've been quoting it ever since. One of de Tocqueville's conclusions was that in America the ministers talk like businesspeople and the businesspeople talk like ministers. That is, he saw that Americans consider enterprise a potentially inspiring occupation.

In that sense Luis Riva, an enterprising dreamer and son of a dreamer, is the most American man you will ever meet.

Mr. Riva, who spent many seemingly fruitless years building a foundation of community visibility, personal relationships, and reputation as an ethical businessperson, is now reaping the benefits. His marketing company, Rivasal International, made no money for two years and $20 in its third year. Then it had sales of $1 million in 1985, and has grown 550 percent since then, ranking 27 on the fastest growing 100 for 1989 with sales of $6.5 million. Now Mr. Riva and his associates (there's no hierarchy in his organization) say they will make Rivasal one of the *Fortune* 500 by the year 2015. (There's also a lot of long term job security in this organization.)

Mr. Riva built his business in a town he loved at first sight—Cincinnati. His father, a physician who left a comfortable life in the Dominican Republic to begin anew where he felt his children had a better future, promised that little Luis and his sister could pick the town they would live in. When they came to the outskirts of Cincinnati they said, "This is it!"

Luis insists it was the pork slaughterhouse that attracted him initially, but luckily the town is also home to many prosperous companies that have since become loyal Rivasal clients—including Procter & Gamble, Cincinnati Gas & Electric, and the city of Cincinnati itself. Other clients include the likes of Martin Marietta and Ford Motor Company, .

But what is it exactly that Rivasal does? You might call it a procurement agency, an arranger: buying top quality, reliable supplies of commodities and manufactured goods at reasonable prices and selling them on contract to businesses and government. And seemingly any product goes, from barge convoys of salt for icy city streets, to traffic lights, to laser printers and office stationery.

The common thread is "just service, service. Even if we say we haven't handled the kind of product they're looking for, customers will say, 'Yeah, but we know we can trust Luis, he comes through,'" Mr. Riva confides with typical open, joyous enthusiasm.

The company invests little in transportation, inventory, or storage, but does invest heavily in its own future. "How are you going to differentiate yourself if you don't have a million dollars to put in national TV? Through principle-centered leadership," Mr. Riva explains. "When you're active in the community, people will notice you. But it takes a big personal investment of time and hard work."

All of Rivasal's associates are required to be active in organizations. "We give 10 percent of our profits to charity. If you work here you serve the community," says Mr. Riva firmly. "If an employee isn't interested in that, I tell them, 'I love you, but please find happiness elsewhere.'" Mr. Riva can talk. He is the ultimate role model in relationship building—both for his associates and for the U.S. Hispanic community. For example, he recently served as president of the Cincinnati Rotary Club, the fifth largest chapter of that organization in the world, and a group that may never be the same owing to his innovations.

Luis Riva gives 10 percent of his profits to charity, and plans to donate $100,000 in 1992.

"That took 40 hours a week," Mr. Riva explains. "Some people say, 'I can't afford the time to join clubs, go to conventions.' That's especially true of minorities. I tell them, 'You can't afford *not* to. Your competitors are doing it.' And boy oh boy, the connections I have developed! They're priceless."

For example, he relates, "I was at the National Minority Supplier Development Council conference, and I thought I had to skip the banquet to get back to Cincinnati [where he was running for Rotary president]. The executive vice president of Procter & Gamble overheard me and said 'You can ride back with me in my corporate jet tonight.' You see, people are nice! Then on the trip he said, 'Just how much business are we doing with Rivasal?' 'Well, sir,' I said, 'only about $294 last year.' 'Wait a minute!' he said. 'You're a fantastic guy. Call me tomorrow and we'll make things happen.' *Bingo*!"

There's so much more Mr. Riva has to say about business, his mentors, and the management seminars he's been attending. Why don't you call him? Develop a relationship.

#47

Juan R. Borges
Biomedical Intl. Corp.

Biomedical Products Distributor
Miami, Florida

By Janet Glasheen

Almost every business journal you pick up nowadays has an article about why "global" marketing is the new key to corporate survival. So, are most of the big U.S. manufacturers racing to capture the global prize money? Are they all jockeying to hire proven international executives? Nope. Not that many companies, and not that fast, says Juan R. Borges.

Mr. Borges should know. As a Miami-based distributor of more than 100,000 medical and lab products in the Caribbean and points south, he is a global go-between. He sells the merchandise of U.S. manufacturers who *do* have an international vision, to foreign consumers who want U.S.-made products.

In general Mr. Borges, a Cuban-born marketer who is well wired into the Spanish speaking world, believes many, many American companies still "need to look outside the window and see this other world! They have to think there is more out there than Canada and the U.S." His own business—Biomedical International Corp.—has increased its sales fivefold in five years, thanks to "huge untapped needs in the hospitals and clinics of developing countries in this hemisphere."

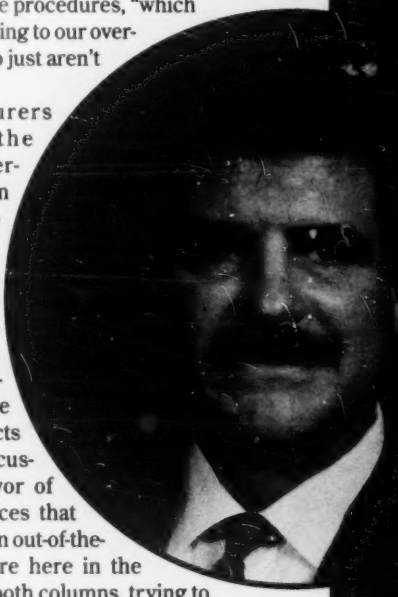
He also sees Biomedical's fast growth continuing, by about 50 percent in 1990 alone. As a man who sells everything including intensive care monitors and disposable swabs to "every hospital in the Caribbean," he believes "there are still a lot of products, old and new, that need to be marketed in developing countries to improve the level of health. They'll save lives and save hospitals money by getting patients out sooner. It's just a matter of doing the right marketing. Talking to the right people".

It's a matter of the right servicing, too. "Service—and by that I mean on-site repair of big devices like anesthesia machines—is almost nonexistent in some of these countries, so we do a lot more than just sell. We back up the product beyond the manufacturer's warranty," Mr. Borges explains.

And what backup! Biomedical's staff often puts routine operations on hold to play Indiana Jones—racing airplanes on the tarmac with emergency parts or vital intravenous fluids, cajoling the officials of two countries to commandeer military aircraft. "We go out on a limb," says Export Manager Pio Molina, with a trace of awe, "and I don't say that to brag."

The company's suppliers, who include the likes of biomedical giants Ciba-Corning and Fisher Scientific, usually find it more economical to sell to developing markets through distributors because "the high cost of selling direct will kill them," Mr. Borges explains. Also, Biomedical presents a personal face to the customer. No impersonal answering machines and time-consuming corporate procedures, "which are especially confusing to our overseas customers, who just aren't used to it."

U.S. manufacturers also depend on the distributor's understanding of foreign markets to optimize sales. For example, it's common for suppliers to assume that one product line fits all, Mr. Borges sighs. "I've often seen companies discontinue profitable old products that their foreign customers love, in favor of new high-tech devices that can't be maintained in out-of-the-way places. So we're here in the middle, holding up both columns, trying to make everyone happy."



Juan Borges says personal attention to clients and excellent service set his company apart from the competition.

All this knowledge takes time to develop, Mr. Molina adds. "There are so many needs in the hospital, and although we're not doctors we get bombarded with practical questions that our customers can't learn about in medical journals." Mr. Borges spent 10 years in international marketing with Baxter Travenol Laboratories before starting Biomedical in 1982, but Mr. Molina had been a civil engineer, offering only the winning quality of "liking to work hard."

"Gathering that information probably took about 70 percent of my time for five or six years," Mr. Molina reflects ruefully. "But people realize you're doing all this for them, so they'll be committed to you, and a lot of new entrants drop out because they're just not willing to put the time in."

It also takes time to win over the choice U.S. suppliers. "If they like you," Mr. Borges explains, "they say 'OK, we'll sell to you at a reduced discount'—maybe 20 percent of their recommended hospital list price. The full discount for established distributors might be 40 percent, but it can take a couple of years to earn that."

Now Mr. Borges hopes to expand opportunistically "as doors open" in Latin America, because "I enjoy it," he says. "I enjoy talking to the minister of health of a country, sketching out on a yellow pad in 10 minutes how he can set up an intensive care unit. I get a lot of respect doing that, and a lot of friends."

THE TOP 100 DIRECTORY

Rank	Company/Location/Type Business	Sales Growth 1985-1989 Percent Increase	Sales Growth 1985-1989 Compound Annual Rate	Gross Sales* 1985	Gross Sales* 1989	Profit Range** '85	Profit Range** '89	No. of Employees '85	No. of Employees '89	Year Started
1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	**Comprehensive Technologies Int'l,** Chantilly, VA Software Development	11794.74	230.25	0.10	11.30	EE	CC	3	205	1980
3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	**Atlantic Resources Corp.,** Reston, VA Research & Development	7760.34	197.84	0.02	1.95	CC	AA	2	85	1984
5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	**Scientech Inc.,** Idaho Falls, ID Engineering/Mgt. Consulting	5900.00	178.32	0.15	9.00	BB	BB	8	120	1983
7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	**Simdex Co. Inc.,** Houston, TX Vocational/Technical Schools	1884.97	111.06	0.26	5.23	BB	AA	12	140	1985
9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	**TMC Electronics Corp.,** Miami, FL Electronic Parts Dist.	1546.29	101.43	0.18	2.88	BB	BB	2	3	1984
11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	**M&M Automated Services Corp.,** Amherst, NH Computer Supplies	1372.87	95.90	0.26	3.80	CC	BB	3	8	1982
13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	**Odell's Int'l Licensing,** Miami, FL Marketing/Promo. Items	1150.00	88.03	0.20	2.50	EE	AA	3	29	1985
15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	**Meiloul Travel Consultants,** Coral Gables, FL Travel Management	1025.00	83.14	1.20	13.50	CC	BB	3	20	1961
17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18	**Jay Automotive Specialties Inc.,** Berlin, PA Automotive Parts	904.16	78.01	1.29	12.95	EE	CC	15	81	1976
19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20	**E.T. LaFORE Inc.,** Denver, CO General Contracting	798.70	73.14	1.09	9.80	EE	CC	16	45	1977
21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	**Shifa Services Inc.,** Hackensack, NJ Janitorial Services	695.40	67.94	0.65	5.17	CC	CC	80	210	1980
23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	**South Florida Health Alliance,** Miami, FL Medical Supplies	632.56	64.52	1.20	9.57	CC	CC	5	18	1983
25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	**Serret Corp.,** Huntington Beach, CA Pond/Tank Linings	607.14	63.07	2.80	19.80	CC	CC	46	160	1978
27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28	**Union General Insurance Co.,** Miami, FL Auto Insurance	532.22	56.57	1.80	11.38	EE	BB	10	82	1985
29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30	**Eagle Transportation & Warehousing,** Miami, FL Transportation/Warehousing	505.56	58.87	0.61	3.70	CC	BB	9	49	1982
31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	**Tremex Travel,** Austin, TX Travel Services	500.00	56.51	1.60	9.00	CC	CC	5	34	1984
33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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THE TOP 100 DIRECTORY

Rank	Company/Location/Type Business	Sales Growth 1985-1989 Percent Increase	Sales Growth 1985-1989 Compound Annual Rate	Gross Sales* 1985	Gross Sales* 1989	Profit Range** '85	Profit Range** '89	No. of Employees '85	No. of Employees '89	Year Started
35	**Paragon Builders Inc.**, Laredo, TX General Contracting	473.30	54.74	0.40	2.29	BB	AA	1	9	1979
37	**TR Cos.**, Houston, TX Personnel Services	455.92	53.55	1.56	8.66	—	BB	10	46	1984
39	**Main Line Foto Inc.**, Conshohocken, PA Photographic Product Sales	441.67	52.56	1.20	6.50	CC	AA	5	18	1983
41	**Scion Steel Inc.**, Warren, MI Steel Dist.	429.17	51.67	2.40	12.70	AA	AA	4	23	1984
43	**Hernandez Engineering Inc.**, Houston, TX Engineering Services	422.20	51.17	0.71	3.71	CC	CC	6	50	1983
45	**Manny Varas & Assoc.**, Miami, FL Insurance	408.33	50.15	1.20	6.10	BB	BB	96	704	1976
47	**Biomedical Int'l Corp.**, Miami, FL Medical/Lab. Products Dist.	383.80	48.31	0.63	3.04	CC	BB	3	7	1982
49	**Alliance Supply Inc.**, Newton, MA Stocking Dist.	380.00	48.02	0.75	3.60	BB	CC	5	18	1985
51	**Letterpress Unlimited**, Santa Ana, CA Foil Stamping/Embossing	370.00	47.24	0.50	2.35	BB	BB	15	60	1978
53	**Northeast Commonwealth Inc.**, Lakewood, NJ Heavy Construction	351.71	45.79	2.10	9.48	CC	AA	12	39	1978
55	**Plastec U.S.A. Inc.**, Miami, FL Plastic/Chemical Sales	350.00	45.65	2.00	9.00	BB	BB	3	9	1985
57	**Sales Concessions Inc.**, Nashville, TN Food Services	343.30	45.10	0.82	3.65	BB	BB	4	357	1980
59	**Nat'l Commun. Sales Promo. Limited Corp.**, Miami, FL Sales Promotions	338.13	44.68	0.80	3.51	CC	CC	8	28	1982
61	**Miranda Assoc. Inc.**, Washington, DC Int'l Management Services	337.50	44.53	1.60	7.00	CC	BB	30	30	1975
63	**Carrillo Cement Contractor Inc.**, Anaheim, CA Concrete Contracting	324.41	43.53	0.99	4.21	AA	AA	9	45	1978
65	**National Systems & Research Co.**, Colorado Springs, CO Information Systems Services	321.51	43.29	5.60	23.60	CC	CC	102	449	1980

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67	**World Variety Produce Inc.**, Los Angeles, CA Wholesale Produce	315.67	42.67	3.00	11.50	—	—	30	75	1980
68	**Hugo's Cleaning Service Inc.**, Lisle, IL Janitorial Services	311.18	42.40	2.43	10.00	DD	CC	100	450	1971
69	**Alonkz & Sons Inc.**, Mt. Pleasant, IA Direct Mail Services	300.00	42.00	1.00	4.00	—	—	30	120	1979
70	**Ready State Bank**, Hialeah, FL Commercial Bank	304.64	41.83	3.94	15.94	BB	BB	47	133	1983
71	**Equity Temporary Services**, New York, NY Temporary Personnel Services	300.00	41.67	1.00	4.00	EE	EE	5	10	1985
72	**Precision Trading Corp.**, Miami, FL Consumer Electronics	298.10	41.25	16.08	64.00	—	BB	13	35	1979
73	**Eagle Brands Inc.**, Miami, FL Beer Distributorship	300.00	41.67	3.00	12.00	—	—	8	40	1984
74	**R&R Masonry Inc.**, North Hollywood, CA Masonry Contracting	295.76	41.04	2.89	11.43	BB	—	50	85	1983
75	**El Paso-Fairview Feeds Inc.**, El Paso, TX Egg Dist.	295.00	41.00	5.00	20.00	CC	CC	3	11	1986
76	**JJJ Floor Covering Inc.**, Whittier, CA Carpet/Floor Covering	294.44	40.93	1.80	7.10	BB	AA	15	35	1984
77	**Mega Construction Co.**, Tucson, AZ General Contracting/Engr.	288.00	40.50	14.00	56.00	BB	CC	85	200	1981
78	**Securiguard Inc.**, McLean, VA Security Guard Service	285.74	40.14	2.83	10.92	CC	CC	105	525	1982
79	**Clean-Tech Systems Inc.**, Los Angeles, CA Chemical Storage Facility	284.61	40.04	2.75	7.00	II	EE	25	40	1987
80	**Valor Financial Group**, Miami, FL Life/Health Insurance	274.24	39.09	0.98	3.65	EE	BB	21	54	1976
81	**Brendan Corp.**, Thornton, CO Computer Data Service	270.00	38.80	1.00	4.00	EE	EE	5	7	1985
82	**Cacique Inc.**, City of Industry, CA Cheese & Meat Mfg./Dist.	269.52	38.85	10.50	38.80	BB	BB	80	195	1974
83	**Pennco Metal Processing Inc.**, Bensenville, IL Sheet Metal Processing	266.67	38.46	3.00	11.00	BB	BB	30	75	1980
84	**Campos Construction Co.**, Omaha, NE General Contracting	257.14	37.47	2.10	7.50	CC	CC	15	48	1977
85	**Downtowner Party Supplies**, Miami, FL Party Rental Supplies	257.14	37.47	2.10	7.50	BB	BB	8	20	1984
86	**R&D Development Inc.**, Chicago, IL General Contracting	253.33	37.10	1.87	6.62	BB	CC	30	65	1977
87	**Advanced Data Systems Inc.**, Pasadena, CA Computer Service	250.00	36.80	2.00	7.00	CC	CC	8	20	1982
88	**Mexican Industries in Michigan Inc.**, Detroit, MI Automotive Trim Mfg.	249.13	36.69	10.90	38.06	CC	CC	135	281	1979
89	**ABC Distributors**, Miami, FL Liquor Distributor	250.00	36.80	2.00	7.00	BB	BB	10	25	1985
90	**Apache Construction Co. Inc.**, Albuquerque, NM General Contracting	247.55	36.54	1.49	5.18	DD	CC	20	38	1981
91	**I-M Electronics Inc.**, Rosemont, IL Circuit Board Mfg.	245.00	36.25	2.00	7.00	CC	CC	30	65	1977
92	**JCI Environmental Services**, Los Angeles, CA Hazardous Waste Disposal	240.13	36.40	4.25	14.70	—	CC	33	50	1980
93	**Pacific Coast Supply Co.**, Los Angeles, CA Liquor Distributor	240.00	36.00	2.00	6.80	BB	BB	10	25	1985
94	**Serdo Corp.**, Novi, MI Concrete Construction	242.82	36.07	3.35	11.50	CC	CC	85	110	1966
95	**Sheet Lithographers Inc.**, Los Angeles, CA Printing	240.00	36.00	2.00	6.80	CC	CC	30	65	1977
96	**Berben Inc.**, Buena Park, CA Painting/Wall Covering	233.33	35.12	1.50	5.00	CC	BB	25	60	1976
97	**Sunny Foods Inc.**, Miami, FL Food Distributor	230.00	34.80	2.00	6.60	BB	BB	10	25	1985
98	**Super Max Inc.**, Sun Valley, CA General Contracting	228.67	34.44	4.50	14.70	BB	BB	25	65	1975
99	**Texas Instruments Inc.**, San Antonio, TX Semiconductors	225.00	34.00	2.00	6.50	CC	CC	30	65	1977
100	**Intercontinental Metals Inc.**, Miami, FL Aerospace Metals Dist.	216.60	33.39	6.63	21.00	—	BB	18	34	1978

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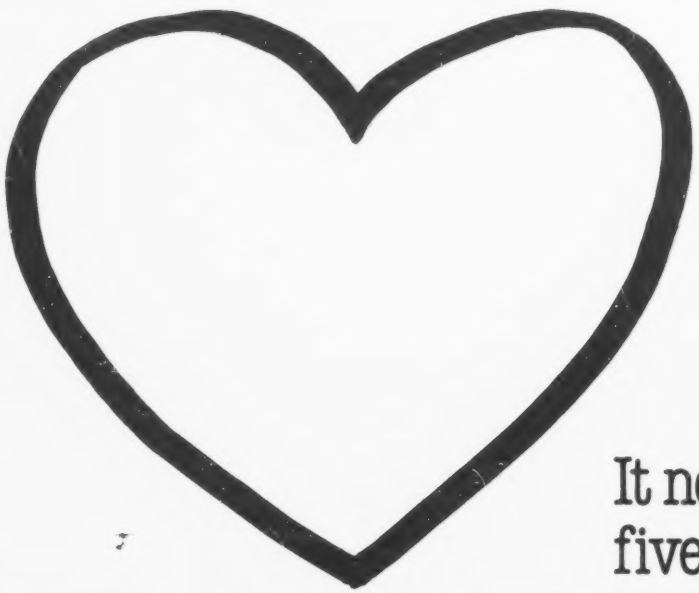

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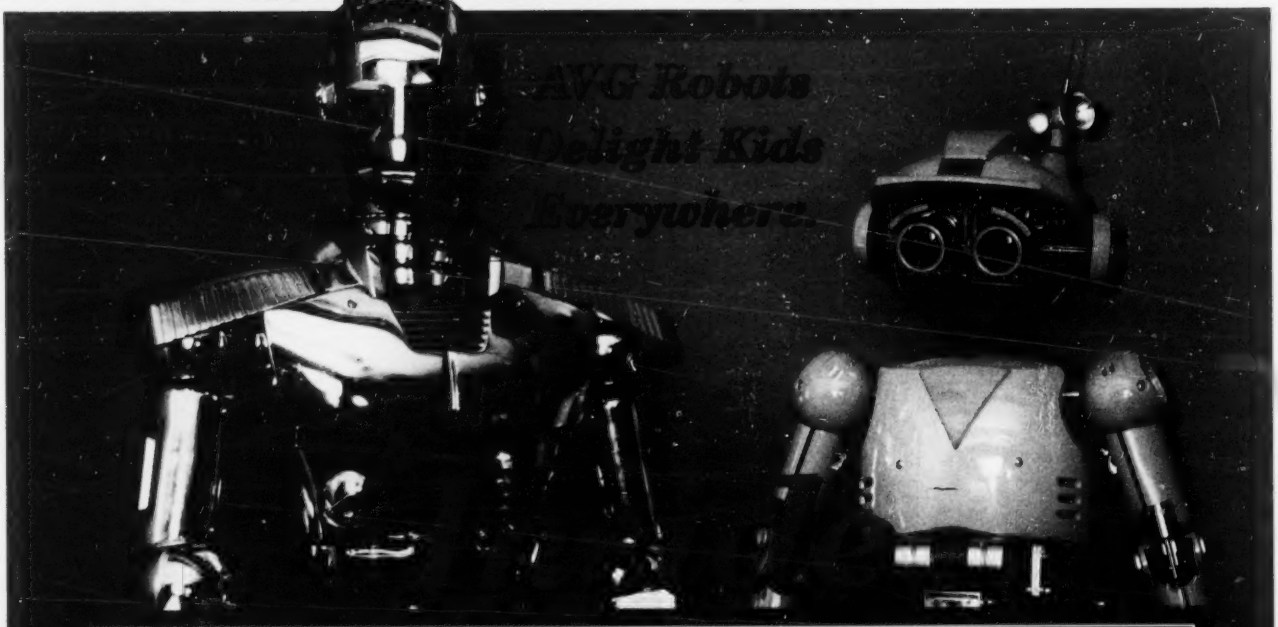

HIGH-Tech 1990

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Special DIRECTORY OF 50 Top Companies

Saluting Hispanic Heritage Week

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The magazine for growth companies and ladder-oriented professionals

September 1990 Volume 12, Number 9

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Photo by Emery Brown. Cover design by Buffalo Brothers Studios West. Robots on cover are Mr. Tek and Digit. Humans are AVG President Alvaro Villa and representatives of his target market—sons Alvaro Jose, left, and Juan Roberto.

DIRECT LINE

This issue should reach our readers just before Labor Day, in the waning days of the summer of 1990. And what a summer it has been.

Iraq's invasion of Kuwait shook our post-coldwar optimism, rising oil prices brought back the spectre of stagflation, and the S&L scandal continued to worsen, if one can imagine that mess getting worse. So the march of international events has posed a sequence of bold challenges to America's global leadership—even as the country's domestic situation continued to deteriorate.

The Fed's chief Alan Greenspan finally caved in during July and dropped interest rates a quarter of a point, in light of continued jawboning from the White House and spreading signs of a standing-still economy. Now we seem to be back to a mindset where almost everyone whose business it is to track the doings of the U.S. economy is saying recession time is around the corner.

Meanwhile the political guys in D.C. continue their meetings, trying to harmonize an acceptable package for deficit reduction and the 1991 federal budget. With congressional and some key gubernatorial elections getting closer, economic news is bound to stay very hot on the griddle in these final days of summer.

But if one visits the national parks or other areas favored by America's vacationers such as Gettysburg, Pa., Williamsburg, or Jefferson's Monticello, one gets the impression that Americans remain positive, even optimistic about the future. Droves of visitors, apparently carefree and indifferent to the goings-on of the power brokers, have swelled attendance at America's national parks, white water rivers, and other national wonders this summer.

But Labor Day will soon be upon us and pass, and in its aftermath the year's busiest quarter will gradually gather steam. Certainly we need a busy quarter. The current string of sluggish quarters, dating back to March 1989, is the longest since World War II.

Even America's lead in high technology seems to be failing, at least in the stock market. On Wall Street, high-tech stocks faltered in the second quarter. Fortunately the Hispanic-owned high-tech firms we're featuring in this issue—all of which are held privately—are generally in sound health.

Although they are in perhaps the riskiest business sector of all, our top 50 high-tech companies increased their overall sales volume 17 percent last year. We've described this performance in our feature story, entitled "State of the Art," and in profiles of two particularly interesting companies.

Fortunately better news is coming from one especially important sector of our society that has been depressed far too long—the public schools.

The good news is that dynamic, experienced, and tough Hispanic leaders are now heading the nation's two biggest school systems. Joe Fernandez in New York City and Bill Anton in Los Angeles both seem to have the qualities needed to bring about the massive changes required.

Chancellor Fernandez is the subject of an in-depth profile in this issue, and we expect to be following up on Superintendent Anton's progress in future issues. Both men have proven they can work "the system" (Mr. Anton has served his for 38 years, most recently as deputy superintendent), and both obviously intend to.

Best wishes, gentlemen.

Editor & Publisher

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Main Office:
Arthur N. Markos, Nat'l Sales Mgr.
Gene Snook, Account Exec.
Dolores R. Lamas, Advertising Admin.
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Taste of

The 1990 High-Tech Directory:

50 firms at the forefront of technology.

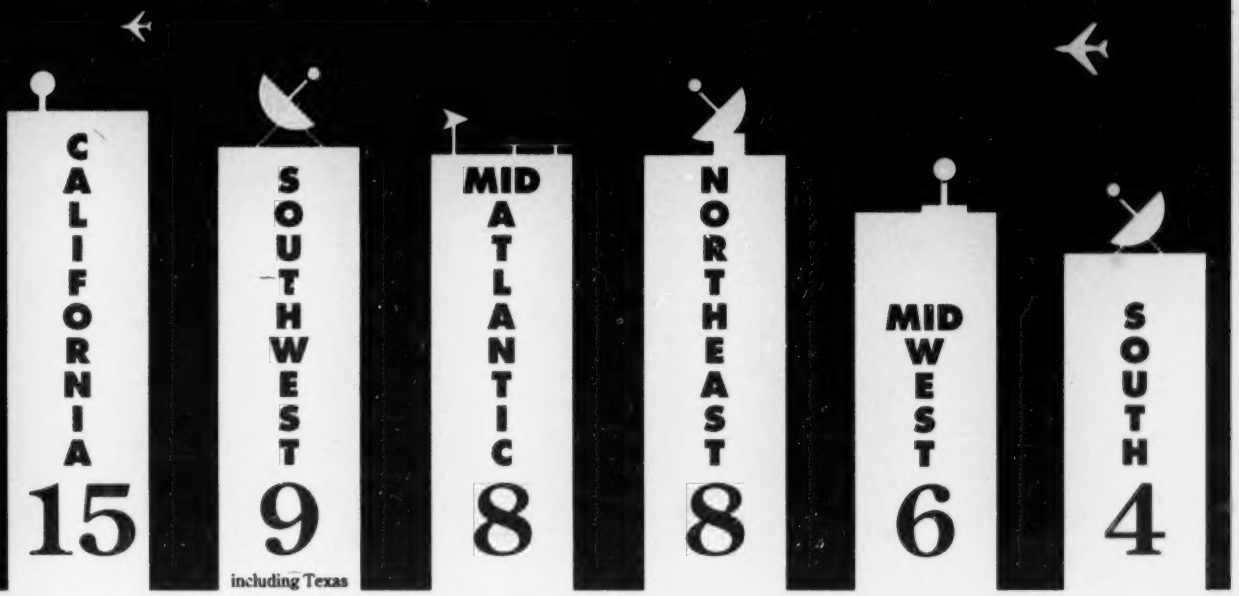
With the biggest risks come the greatest opportunities to score big. And high-tech businesses continue to be among the riskiest. The odds may be a little better than at the gaming tables or roulette wheel, but high technology is infamous for its ups and downs.

Fortunately the direction has been *up* lately for the 50 companies listed in this year's High-Tech Directory. While the typical Hispanic-owned business barely held ground, these 50 companies achieved a 17 percent increase in total sales over

J. Peter Perez is the microbe man. The CEO of Environmental Remediation grows bugs that live to eat environmental waste.

the Air

50 Top High-Tech Companies by Geographic Area



the year before. Nonetheless, this gain can't compare with the 26 percent increase posted by last year's 50 top high-tech companies.

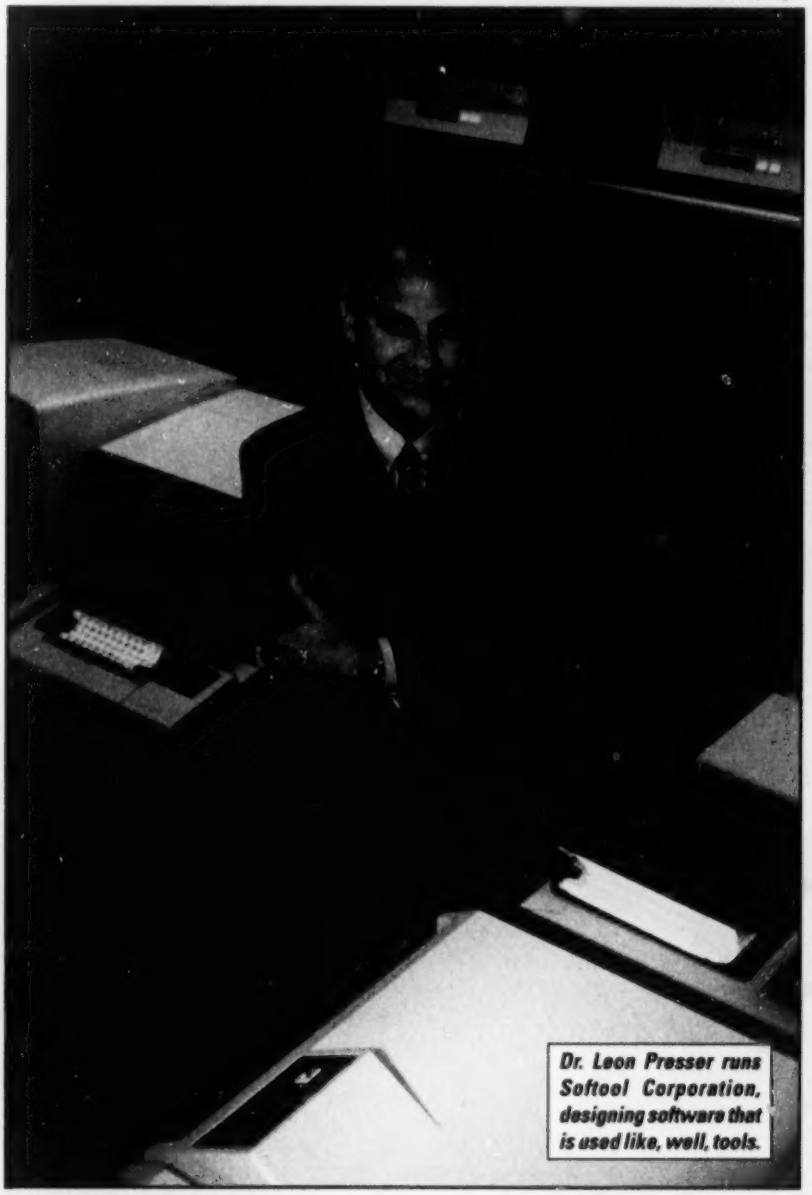
Number 1 on the list for the fourth straight year is CTA Incorporated of Rockville, Maryland. This is the same company that until two years ago was known as Computer Technology Associates of Englewood, Colorado (where CTA continues to maintain its engineering, manufacturing, and test operations). CTA is headed by C.E. (Tom) Velez.

CTA's sales in 1989 were $90 million, up a dramatic 32 percent from the year before. The company is heavily committed to aerospace and defense, according to Sam Ginder, vice president for corporate marketing. The work they do is almost entirely system design and development—for military avionics, space applications, air traffic control, custom mobile communications systems, and training simulators. CTA's two biggest clients are the U.S. Navy, with 32.9 percent of sales, and the U.S. Air Force, with 32.5 percent. The Federal Aviation Administration, with 13.4 percent, and NASA with 11.5 percent make up most of the rest.

Number 2 on this year's list is RJO Enterprises Inc. of Lanham, Maryland, which posted sales of $60.25 million, up a respectable 21 percent from the previous year. It's no accident that the top two high-tech firms are both located in the Washington, D.C. area. RJO, headed by Richard J. (Dick) Otero, has also relied heavily on contracts from the Department of Defense. The company differs from CTA, however, in that management made a conscious decision five years ago to diversify into commercial applications of its high-tech products.

RJO concentrates on "solving problems using computers and telecommunications," Mr. Otero says. While they work with both minicomputers and desktops,

Photo by Roger Shields



Dr. Leon Presser runs Softool Corporation, designing software that is used like, well, tools.

"these days the power of microcomputers [desktops] is squeezing out the mini," he adds. One of RJO's newest products is an optical storage and retrieval system, which this CEO says is "designed to help us win the war against paper." The company makes two versions—one is a CD-ROM, compact disc with read-only memory, and the other is a laserdisc platter system. Each platter stores the equivalent of 240,000 pages of text. Mr. Otero says that one of the first such systems is installed in the White House.

Another defense contractor on our list, Logics Inc. of Leola, Pennsylvania, designs and builds military communications hardware. Although that company's sales growth had stabilized at around $3 million in 1987 after several years of fast growth, and despite the current downturn in Defense Department funding, CEO William J. White believes he is in for another growth spurt. He attributes this projection to new regulations giving incentives to government contractors that subcontract with minority-owned firms, and, more specifically, to the recent advances of four major contractors seeking his company's services.

New to this year's directory is the Softool Corporation, an international software products company located in Goleta, California. President Dr. Leon Presser was teaching computer science nearby at the University of California, Santa Barbara, when he became convinced that one of the reasons for the high cost of software was the time consuming, inefficient, and labor intensive process of development.

Dr. Presser saw a market niche opportunity to provide tools that would simplify the software development process, and founded Softool to do just that. For example, the company's best selling product—its Change and Configuration Control tool—is one of the first programs developed to automate tracking of the changes software companies make in their programs over time. This was particularly important for software used by the government—which requires complete records of any changes made.

All of those companies, and in fact all but one of the 50 companies in the directory, have a computer, electronics, or aerospace twist to their high-tech bent. Thirty-four of them work with computers and electronics; 15 are in avionics. The one company that doesn't fit in these categories is fast-growing Environmental Remediation Inc. of Baton Rouge, Louisiana, which provides an outstanding example of successfully applied high-tech biology. While Environmental Remediation enjoyed attractive sales of $5.4 million last

Richard J. Otero's company manufactures high capacity document storage systems for computers.

year, it has posted $12 million in just the first three months of its current fiscal year.

"Remediation" is a word that President J. Peter Perez guarantees you'll be hearing often in the future. Specifically, environmental remediation refers to the process of cleaning up waste sites the natural way—with bacteria. About 40 percent of the company's business involves growing and selling these bacteria, according to Mr. Perez. The other 60 percent involves actual engineering and field remediation (clean-up) of waste sites. The type of microbe that Environmental Remediation grows was tested recently to clean up oil spilled by the supertanker Mega Borg off the Texas coast. The test was a big success, reducing the volume of oil by 70 percent in some samples, and ensuring solid future demand for the product.

Another business working in the biological sciences—Helix BioCore Inc.—was featured on the cover of last year's high-tech issue, but had sales too small to place it in the directory for 1990. This start-up company, the fourth founded by entrepreneur Manuel Villafana, just initiated a public offering of almost $6.5 million in shares on the NASDAQ market.

Whatever their eventual fates, we salute all of our top high-tech firms as heroes—willing to take big risks in new fields that didn't even exist a few years ago. And because some of these risk takers are sure to reap enormous growth, we look forward to hearing a lot more about them in the years to come.

What is High-Tech?

This directory is the nation's only compilation of Hispanic-owned high-technology firms. To be considered, a company must be at least 51 percent owned by U.S. Hispanics and submit all of the required figures on sales and growth.

But what is "high-tech"? Everyone seems to have a different definition. When we told the editor of a "high-tech" business magazine that we were seeking a definition, all she said was "Good luck!" That publication and others we studied have no precise definition. They depend instead on whether something sounds "high-tech" or would be viewed as such by their readers.

The companies themselves are little better. Some CEOs we spoke with said "Oh, we're high-tech" but all they did was *sell* the products. Does just selling computers make a company high-tech? Well, is a real estate business considered part of the construction industry?

Our working definition of high-tech companies includes firms involved in the development and/or manufacture of products in the highly technical fields of computers, telecommunications, avionics and aerospace, bionics and robotics, and biotechnology.

While we have excluded companies that only distribute (wholesale, retail, or export) high technology products, we have included many service companies that design, develop, install, and maintain high-tech systems—even if they don't actually manufacture the products. These development and troubleshooting companies require teams of engineers and technicians. Overall, our list includes 26 "service" firms and 24 manufacturers.

Our working definition is, admittedly, still somewhat broad and vague. A computer company, for example, may produce anything from a few specific components to an entire information processing network. Therefore our decision to include or exclude specific companies was based on interviews with company representatives. And virtually all of the companies we've included in fact do a lot more high-tech work than we could indicate in the directory's brief product/service descriptions.

HIGH TECH DIRECTORY

Rank	Company	CEO	Product/Service	No. Emps.	1989 Sales*
1	CTA Incorporated, Rockville, MD	C.E. (Tom) Velez	Aerospace/Defense Systems	877	$90.00
2	RJO Enterprises Inc., Lanham, MD	Richard J. Otero	Information/Telecom. Systems	600	60.25
3	Infotec Development Inc., Santa Ana, CA	J. Fernando Niebla	Systems & Software Engineering	718	53.12
4	Colsa Inc., Huntsville, AL	Francisco L. Collazo	Systems & Software Engineering	500	50.00
5	Pacifica Services Inc., Pasadena, CA	Ernest M. Camacho	Systems Engineering	590	35.00
6	Magnet Industrial Group Inc., Milford, CT	John Soto	Diverse High-Tech Mfg.	300	32.00
7	Computer Dynamics Inc., Virginia Beach, VA	R. Alan Fuentes	System Integration & Eng.	450	30.00
8	Advanced Sciences Inc., Albuquerque, NM	Ed L. Romero	Engineering/Environ. R&D	320	29.60
9	J.T. Slocomb Co., South Glastonbury, CT	E. John Gregory	Aircraft Engine Components	340	27.80
10	National Systems & Research Co., Colo. Springs, CO	Celestino Archuleta	Systems & Software Engineering	468	23.60
11	Omniplan Corp., Culver City, CA	R.E. Montijo, Jr.	Technical/Consult. Service	480	19.68
12	Washington Consulting Group Inc., Washington, DC	Armando C. Chapelli, Jr.	Custom Software/System Integ.	275	18.60
13	Barrios Technology Inc., Houston, TX	Emyre B. Robinson	Engr./Tech. Services	420	17.80
14	Gonzalez Design Engineering, Madison Hts., MI	R.J. Gonzalez	Automated Systems & Robotics	335	14.40
15	Government Micro Resources, Chantilly, VA	Humberto A. Pujals	ADP Systems & Software Dev.	29	13.60
16	Comprehensive Technologies Int'l, Chantilly, VA	Celestino M. Beltran	Software Development	205	11.30
17	H-R Industries Inc., Richardson, TX	Paul R. Dickinson	Circuit Board Mfg.	100	11.23
18	Uni-Boring Co. Inc., Livonia, MI	Fecundo Bravo	Precision Design & Machining	100	10.50
19	Softool Corporation, Goleta, CA	Leon Presser	Software Engineering	100	10.00
20	Computer Resource Management Inc., Herndon, VA	Ervin E. Torrez	Systems Engineering	180	9.98
21	Sausedo Metal Products Inc., San Jose, CA	Robert Sausedo	Computer/Telecom. Product Mfg.	103	8.88
22	Quality Printed Circuits Corp., Phoenix, AZ	Robert L. Gonzalez	Circuit Board Mfg.	119	8.29
23	General Transistor Corp., Inglewood, CA	Al A. Barrios	Transistor Mfg./Dist.	22	8.00
24	Pressure Systems Inc., Hampton, VA	Douglas B. Juanarena	Pressure Measurement Instr.	96	7.70
25	Tele-Signal Corp., Hauppauge, NY	Esteban Taracido	Electronics Mfg.	55	7.20
26	Martinez & Turek Inc., Riverside, CA	Larry R. Tribe	Precision Parts for Aerospace	93	7.05
27	Electrical Power Products, Santa Clara, CA	Kytcher Whyte	Switch Gear/Power Panel Boards	35	7.00
28	L&M Technologies Inc., Albuquerque, NM	A.R. Montoya	Custom Computer Eng. & Mfg.	160	6.50
29	Technical Telephone Systems Inc., Staten Island, NY	George Cruzado	Telecom. Systems Development	73	6.20
30	Environmental Remediation Inc., Baton Rouge, LA	J. Peter Perez	Bioremediation Services	70	5.40
31	Ram Enterprises Inc., Valencia, CA	Marlina Monstein	Data Communication Sys. Mfg.	21	5.20
32	Cordoba Corp., Los Angeles, CA	George L. Pla	Systems Development	100	5.00
33	Thermionics Laboratory Inc., Hayward, CA	John J. Trujillo	Ultra/High Vacuum Products Mfg.	80	5.00
34	Emergency 24 Inc., Chicago, IL	Dante Monteverde	Electronic Security Systems	130	4.80
35	Alamo Technology Inc., San Antonio, TX	Doroteo Chavarria	Electronic/Aerospace Eng. & Mfg	50	4.58
36	Peco Enterprises Inc., Davenport, IA	Frank L. Granados	Software Development	73	4.55
37	Power Energy Industries, Carson, CA	Ernest R. Schoop	Electrical Equipment Mfg.	65	4.20
38	Telesound Systems Corp., Miami, FL	Peter E. Padron	Telecom. Systems	36	4.20
39	A/S/K Assoc. Inc., Lawrence, KS	Ken Martinez	ADP Design, Dev. & Support	200	4.00
40	Deneba Systems Inc., Miami, FL	Manuel E. Menendez	Software Development & Mfg.	30	4.00
41	Hydro-Pneumatics Inc., Deer Park, NY	Gerard F. Lopez	Hydraulic/Pneumatic Systems	18	4.00
42	Craftsmen Corp., Smithtown, NY	Alejandro Salas	Integrated Logistics Engineering	42	3.90
43	AVG Inc., Valencia, CA	Alvaro J. Villa	Robotics Equip. for Entertainment	40	3.80
44	Hernandez Engineering Inc., Houston, TX	Miguel A. Hernandez	Aerospace Eng. & Services	50	3.70
45	Orion Int'l Technologies Inc., Albuquerque, NM	Miguel Rios Jr.	Engineering & Scientific Services	55	3.63
46	Supreme Gear Co., Roseville, MI	Charles F. Diaz	Aircraft & Ordnance Components	50	3.60
47	W.M.Z. Manufacturing Co. Inc., East Hartford, CT	Magno Palacios	Aerospace Component Mfg.	45	3.30
48	California Jig Grinding Co. Inc., Pico Rivera, CA	Daryl R. Craig	Component Modif. for Aerospace	30	3.00
49	Logics Inc., Leola, PA	W. J. White	Communications Mfg.	22	3.00
50	Omega Precision, Santa Fe Springs, CA	Joseph M. Venegas	Aerospace/Precision Machining	43	3.00

*In millions of dollars. Copyrighted © material. Reprinting or copying requires permission from Hispanic Business Magazine.

Go To School! Get A Job!

Last year 119,000 Hispanics graduated from U.S. high schools. Of these, 63,000 (about 53 percent) are now in college, and virtually *all* of the college students have a job too—according to a Labor Force Status report from the Bureau of Labor Statistics. By comparison, of 1,306,000 mainstream graduates, 599,000 (46 percent) are in college, and less than half of the mainstream college students (40 percent) are holding jobs. Finally, of 162,000 black 1989 graduates, only 48,000 (29 percent) are in college, and 19 percent of these are working students. The average work week was 20 hours for the salaried students. What about the youngsters who graduated from high school but did not go to college? About 75 percent of the mainstream grads have work, 55 percent of the blacks, and 49.4 percent of the Hispanics. The report concludes that success in the job market often depends on educational attainment—a truism, but one that's getting truer every year.

Coming From Behind

The "traditional" income gap between male and female college graduates is closing, according to the Census Bureau. A look at the figures for the past 20 years, adjusted for inflation, reveals an interesting picture. Back in 1968 the median cash income for college-educated men was $35,300 (in inflation-adjusted dollars) and for college-educated women it was $16,600. But by 1988 the women's median income had made it to $20,500—a gain of almost $4,000—while men had inched up a meager $400, to $35,700. Thus women today are getting more out of their college degrees, but are still making far less than men. The report further shows that women are more likely to work part-time or in clerical and service jobs that pay less, and are still less likely to have a job at all. At the same time, the inflation-adjusted median income for men with no college at all fell from $24,300 to $21,200, while the median for women in this group went from $9,600 to $9,700. Thus women in all educational groups showed an increase.

Wanted: Minority Teachers

The Education Commission of the States has come to an unsettling conclusion. The nation's elementary and secondary school teachers will be virtually "all white" (95 percent) within 10 years. That is, unless strenuous measures to promote minority teacher education are taken. The commission—a group of educators and political leaders representing every state except Montana—has released a report titled "New Strategies for Producing Minority Teachers." The report says that without a joint effort by leaders at various levels, the number of minority teachers will not increase. Currently only 10 percent of teachers are members of minority groups, while 20 percent of all students are minorities—35 percent by the year 2000. The report advises state education boards, school districts, colleges, and others to begin seeking minority candidates now, offering them higher starting salaries.

Headhunter Update

HispanData is a resume database service that connects corporations with qualified Hispanics, and may just be a leading indicator of corporate hiring trends. The fast-growing service, founded less than two years ago, has more than doubled both its number of corporate participants and placement rate in just the past six months, says Project Officer Lysa Kessman. HispanData's corporate clients—which include an increasing number of *Fortune* 500-size companies such as American Express, the Southland Corporation (7-Eleven Stores), Dean Witter Reynolds, and Warner Bros. Inc.—participate in the service by purchasing one-year subscriptions. "HispanData has provided several very good applicants," reports Gary Luckow, director of recruitment at Warner Bros. "And I got lots of support," adds recent Warner Bros. hire Margarita Talleda, now the director of international advertising and publicity for Latin America. "HispanData is very professional."

Hispanics in the Work Force

The Bureau of Labor Statistics reports that Hispanics make up 7.3 percent of America's total nonmilitary work force over the age of 16. The following listing provides a breakdown of Hispanic percentages for selected occupations.

Occupation	Hispanics	Occupation	Hispanics
Executives & Managers	3.7%	Private Security	5.8%
Architects	5.8%	Food Services	12.0%
Engineers	2.3%	Health Services	6.5%
Natural Scientists	2.7%	Cleaning Services	15.8%
Physicians & Dentists	4.4%	Mechanics & Repairers	7.4%
Teachers	3.7%	Construction Trades	8.8%
Lawyers & Judges	3.3%	Precision Production	9.4%
Writers	1.8%	Machine Operations	14.3%
Musicians & Composers	5.3%	Fabrication	12.7%
Actors & Directors	3.8%	Production Inspection	11.0%
Athletes	6.3%	Motor Vehicle Operation	7.8%
Sales Representatives	5.2%	Other Transportation	3.8%
Sales Workers	6.5%	Moving Equipment Operation	3.7%
Admin. Support & Clerical	6.4%	Handlers, Helpers, & Labor	11.6%
Household Services	15.8%	Farming, Forestry, & Fishing	13.9%

(Source: Bureau of Labor Statistics—1989 Annual Average Tables from the January 1990 issue of "Employment and Earnings.")

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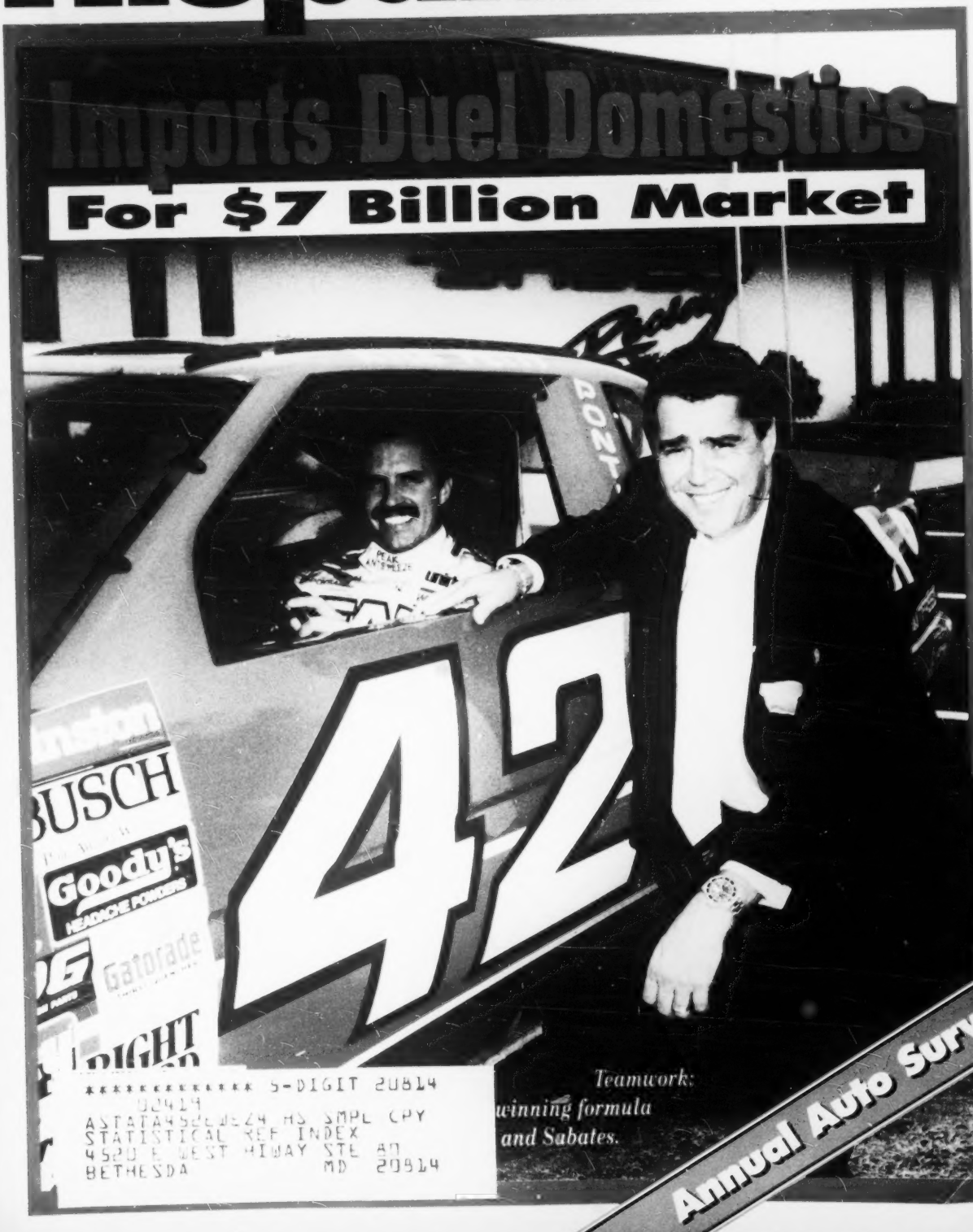
Hispanic BUSINESS



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Hispanic BUSINESS

The magazine for growth companies and ladder-oriented professionals

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Sabco Racing Inc. driver Kyle Petty and CEO Felix Sabates. Cover design by Buffalo Brothers Studios West.

BPA MEMBERSHIP APPLIED FOR 1/90.

DIRECT LINE

According to the most recent figures available, tiny Japan took over the number one position as world manufacturing powerhouse back in 1988. Sales by Japan's manufacturing firms, reports the *Los Angeles Times*, were greater than sales of all U.S. manufacturers for the first time ever in that year: $2.78 trillion for Japan to $2.61 trillion for the United States. Therein lies the proper perspective for understanding this month's cover story.

For the longest time, marketers active in the U.S. Hispanic consumer segment have touted as a given the "brand loyalty" of U.S. Hispanic consumers. Once Hispanic consumers commit to a brand, so the litany went, they can be counted on to stay loyal. That's not so in the automotive marketplace, says our lead article and all of the research data arrayed in this issue.

Steve Bergsman's story analyzing "Sharewars in the Showroom" clearly shows that Japanese auto manufacturers have significantly eroded the predominance of American automotive products in the country's main growth target market. The apparent cause for this shift in consumer behavior comes as no surprise: price and quality. The bottom line seems to be that Hispanic consumers can be as discriminating as the next fellow. The Honda Accord is one of the hottest sellers among Hispanics.

Further, a nationwide survey of Hispanic car buyers done for *Ward's Auto World* magazine shows that 5 percent of those now owning American-made cars plan to turn to exports the next time they go shopping.

But don't count American products out of the competition yet. Ford, Chevrolet, Lincoln-Mercury, Cadillac, Pontiac, and Dodge remain strong competitors. Indeed, perhaps no other industry is currently undergoing as much change worldwide as is automotive manufacturing, and the change is at various levels: technological, management organization, and corporate interpenetration. The Japanese increasingly manufacture in the United States, General Motors is co-venturing with Toyota, Ford owns a piece of Mazda. In fact, as international management experts like McKinsey & Company's Kenichi Ohmae are constantly reminding us, the notion of "national industries" is pretty much obsolete.

The market research firms of R.L. Polk and J.D. Power extended HISPANIC BUSINESS incredible cooperation in facilitating data collection and analysis for this issue. But the magazine's own research department, headed by Joe Wells, produced a credible and original suite of data on the automotive consumption of Hispanic businesses that fills an important vacuum. And next year, Joe Wells promises, we will be even more innovative.

Based on the Polk and Power studies we conservatively estimate that Hispanics are spending around $7 billion annually on new family vehicles. Then, given our conservative estimate that the nation's 350,000 or so Hispanic companies spend $3 billion on new vehicles each year, the new-vehicle pie would be worth, at the very least, $10 billion.

If some readers come away feeling a bit nostalgic about America's past global economic leadership after reading through this issue, they shouldn't go away sad. From where we stand, it looks as though stiff competition is about the best thing that could happen to American industry at this juncture.

Editor & Publisher

Hispanic BUSINESS

EDITOR AND PUBLISHER
Jesus Chavarria

ASSOCIATE PUBLISHER
Bonnie Chavarria

MANAGING EDITOR
Janet Glasheen
SENIOR EDITOR
Rick Mendosa
PRODUCTION ADMINISTRATOR
Sharon R. Everitt
RESEARCH ADMINISTRATOR
Joseph Wells

CONTRIBUTING EDITORS
Ricardo P. Sandoval Los Angeles
Dory Owens, George Volsky Miami
Roger Hernandez New York
Steve Bergsman Phoenix
Mark Nelson San Francisco
Joel Russell Santa Barbara
Richard Parker Washington

ART DIRECTION, DESIGN & PRODUCTION
Buffalo Brothers Studios West

CIRCULATION DIRECTORS
Seymour S. Zogott, Mary C. Zogott

ADVERTISING
Main Office:
Arthur N. Markos, Nat'l Sales Mgr.
Berdette Robison, Account Exec.
Gene Snook, Account Exec.
Dolores R. Lamas, Advertising Admin.
360 S. Hope Ave., Ste. 300C
Santa Barbara, CA 93105
(805) 682-5843
New York Sales Office:
(212) 688-0052
Detroit Sales Office:
Dynamedia Inc.
Joe Lenz, Manager
18538 Mack Avenue
Detroit, MI 48236, (313) 882-7878

SPECIAL EVENTS MARKETING
Sr. Project Officer
Johna Sharp
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Nanco Ella, Megan Higgins, Lysa Kessman
Project Administrators
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CONTROLLER
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William L. Strauss

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SHAREWARS IN SHOWRO

TOYOTA OVERRUNS CHRYSLER'S POSITION IN THE U.S. MARKET

By Steve Bergsma

With models like the Mustang, Ford manages to keep a grip on a big share of the growing U.S. Hispanic auto market, with 14.3 percent.

Toyota seems to be doing everything right these days. While U.S. car sales are down 2 percent, Toyota's sales have skyrocketed 45 percent. The company's 1990 unit volume in the U.S. will not only top Honda's for the first time in many years, but should surpass Chrysler's to become the new number three after General Motors and Ford.

On a nameplate basis, Toyota is number three in the Hispanic market too, according to a study by R.L. Polk & Co. in Detroit. Polk puts the Ford nameplate first, with 14.3 percent of the Hispanic auto market in 1989, Chevrolet second with 11.7 percent (although Chevrolet claims a 15 percent share, counting its largely Japanese-made Geo), and Toyota third with 10.4 percent. While Toyota held the third spot with Hispanics in 1988 as well, it improved its share from 9.7 percent last year.

With regard to individual models, Toyota was the only car manufacturer to finish with three in the top 10 models sold to Hispanics last year: the Corolla at number five with 8,369 sold, the Camry at number seven with 6,664 sold, and the Tercel at number nine with 5,537 sold.

And the company is not being complacent. Advertising expenditures in the Hispanic market are up 40 percent for this year, and will be doubled in 1991. Toyota is working the community relations arena as well, heavily supporting Hispanic scholarships. According to Flaurel English, Toyota's research director, "Network TV and radio is about 59 percent of our [Hispanic] advertising budget; spot TV and radio about 33 percent. We do some opportunity advertising in sports, such as the World Cup soccer matches. We also have an aggressive print plan. Community relations and sponsorships have probably increased about 25 percent."

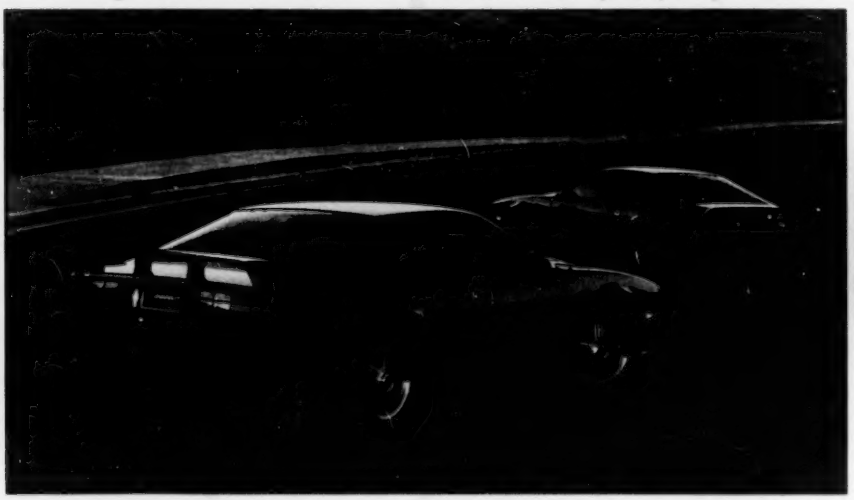
While "measuring how effective we are in each market is not an exact science," Ms. English explains, "our research tells

THE OM

The popular Toyota Corolla is one reason Toyota's sales have displaced Chrysler for third place and exceeded Honda's for the first time in years.

us our awareness is up among Hispanics. Our sales, quite frankly, are positive enough that we know we are having an impact on that segment."

But Toyota isn't the only foreign car maker doing well in America. Those who've seen Honda's commercials on the Spanish language television networks have been told that "Something big is happening!" Honda, which places fifth in Hispanic market share, took a greater leap forward last year than any other maker in this segment. In 1988, it had 7.9 percent of the market; by the next year that number vaulted to 9.3 percent. The Honda Accord is the fourth best selling brand to Hispanics, with 10,836 sold last year, by comparison with 7,839 in 1987. The Honda Civic is the sixth best selling brand, but with sales of 7,097 in 1989, it saw a tiny decline from the 7,114 sold in 1987.



Chevrolet excells in the Hispanic market, with much of its success due to sportier models such as the 1991 Chevrolet Camaro.

Honda began to do targeted marketing to Hispanics for the first time this year. "It took a while for Honda to get into the market, not because they were ignoring Hispanics, but because they wanted to see what was the best way to get in," says Jim Shaw of La Agencia de Orci & Asociados, which handles the Honda account. "They did a lot of research on how to get into the market. Honda wanted to make sure that when they entered the market, they entered it well."

The company's main goal is to establish itself in the community, Mr. Shaw says, to establish itself as a corporation that has earned the right to sell cars to Hispanics. So, along with its advertising, Honda also is now involved in a lot of community awareness efforts. For example, the company cooperated with MALDEF (the Mexican-American Legal Defense & Educational Fund) in producing a Spanish-language commercial that explains the benefits of the Census and why people should take part. It is also sponsoring art and cultural programs. "Our interest," Mr. Shaw says, "is in letting people know that Honda is around and that Honda really cares about

the community it is doing business with."

For whatever reason, the foreign car makers, and especially the Japanese, have made considerable inroads into the Hispanic passenger car market in recent years. Just four years ago, American car makers were estimated to control 75 percent of the Hispanic market. Today that's about 51 percent. In 1985, only four of the top 10 models sold to Hispanics were imports. In 1989, it was seven.

In fact, according to a study by R.L. Polk & Co., Hispanic buyers were much more likely to purchase an economy import class of car than were non-Hispanics. This is probably due to the Hispanic concentrations on the coasts, especially in Southern California, where imports are strong, and to the population's relative youth. In descending order, Hispanics are much more likely to purchase a Nissan, Toyota, Volkswagen, Honda or Mazda than their non-Hispanic counterparts.

But there is an important Hispanic market for full-size luxury cars as well. Polk also notes that 47 percent of the Hispanic buyers are professional, technical, and business people. The most popular of the luxury cars are Cadillac, followed by Oldsmobile, Buick, and Lincoln.

Overall, the domestic manufacturer's brand Hispanics are most likely to purchase is a Ford. Ford, with 14.3 percent of the Hispanic market, is solidly the most popular auto maker and continues to strengthen its position—up from 13.2 percent in 1988. Outside of Honda, it has made the greatest leap forward.

Whereas companies like Honda are now just getting involved in community programs, Ford has been there for years. As Donna Stella of Ford Division Contemporary Marketing notes, "There is a lot of overlapping. We work closely with our advertising, public relations, and urban affairs departments. We do numerous events, focusing our emphasis on Los Angeles, Chicago, Texas, and Miami."

For example, Ford sponsors a slew of Hispanic festivals, the company is always at trade shows, and it sponsors many community programs like book drives. This year it is sponsoring the Hispanic American Family of the Year Award. "Our spending in the Hispanic market has increased steadily," Ms. Stella concludes firmly.

Ford's Escort, with 11,176 units sold last year, is the top selling domestic brand in the Hispanic market (and third, counting foreign makes). That's up from 9,079 two years ago. In addition, Ford's Mustang and Probe lines have a better share in the Hispanic market than in the non-Hispanic market.

While Ford had been dividing its Hispanic market advertising effort among five or six different vehicles, under the guidance of the advertising firm of Mendoza, Dillon, the company has adjusted its strategy to focus primarily on one or two models. In 1991, for example, Ford will emphasize the Escort and Explorer, giving a secondary emphasis to its Ranger, Festiva, and Probe.

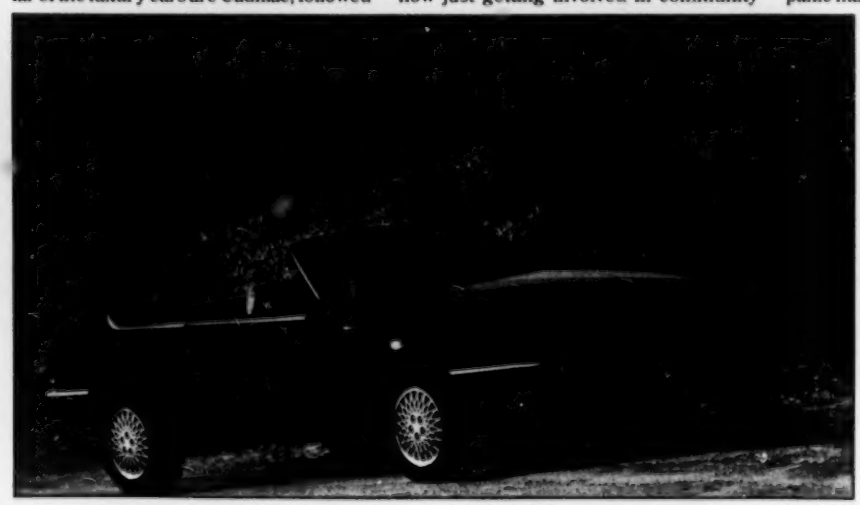
"We have to look at the market more carefully than we've done before," notes Mendoza Dillon's Ingrid Otero. "We try to use our dollars more efficiently, meanwhile keeping an eye on the competition to see how it will affect our next model year as to the vehicle we should be advertising or the amount we should be putting into each medium."

In the old days when the domestic car makers dominated the American market

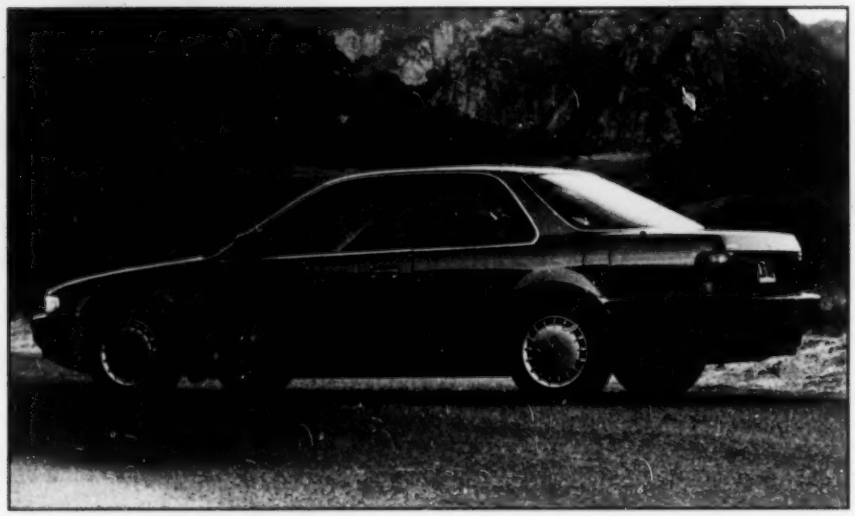
Market Share of Top Car Lines in U.S. Hispanic Market*

LINE	1989	1988
Ford	14.3%	13.2%
Chevrolet	11.7	11.7
Toyota	10.4	9.7
Nissan	9.5	9.6
Honda	9.3	7.9
Hyundai	6.1	8.3
Pontiac	5.8	5.5
Oldsmobile	3.9	4.0
Buick	3.3	3.2
Mercury	3.2	3.2
Mazda	2.9	2.8
Dodge	2.8	2.9

** Sources: Univision and R.L. Polk & Co.*



Classy and exciting, the 1991 convertible Chrysler Le Baron GTC is the Chrysler most often purchased by Hispanics.



The Honda Accord continues to be an increasing favorite of Hispanics. In 1988, it had 7.9 percent of the market and in 1989 it had 9.3. The Honda shown is a 1990 model.

and the myth of the loyal Hispanic consumer prevailed in advertising circles, the car line that seemed to grip the Hispanic market most, especially younger people, was the Chevy. The car was sporty and easily altered to enhance its look.

Chevrolet still does well in the Hispanic market, and a lot of that success can be attributed to the appeal of its sportier models. The company considers itself to be number one with Hispanics, citing a 15 percent market share in 1989, including sales of its Geo nameplate. The Geo is made in three plants—two in Japan owned by Suzuki and Isuzu, respectively, and one in California that is a joint venture with Toyota. In 1990, the company expects the combined Geo/Chevrolet percentage to go up one notch, to 16 percent.

Until 1989, Chevrolet's market share had been slipping. Lynne Dailey, assistant manager of Chevrolet's passenger car advertising, comments, "we did a great deal of advertising in terms of new products. Last year we were back in the market with a lot of variety, which brought us back to prior levels [of market share]." Chevrolet has "definitely increased" the dollars it pumps into Hispanic marketing. A lot of that money has gone into television, including heavy advertising on the Univision network during the World Cup soccer matches. The company has been aggressive not only with the national Spanish-language networks but on a regional basis as well—especially in the big Mexican-American markets.

"I don't have the complete numbers yet," Ms. Dailey says, "but based on what I've looked at, my best guess is we've picked up additional market share all across the board. I believe with some of the things we have done nationally and with local dealer groups, we've picked up some of the market. In California and Texas, we've really hit pretty hard and part of that is going to pay off."

Although Chevrolet is behind Ford and Pontiac in the R.L. Polk survey of cars Hispanics are more likely to purchase, the company has a good deal of underlying strength in the market. Of the top 10 vehicles sold to Hispanics, two models were Chevrolets: the Cavalier at number eight with 5,610 units sold (up slightly from 1987), and the Camaro at number 10, the only sports car on the list, with 5,339 units sold (up substantially from two years before). In addition, the Camaro is the domestic car model with the greatest edge in relative penetration of the Hispanic market versus the non-Hispanic market.

While the rise in Hispanic purchases of foreign imports clearly demolished the concept of unusual brand loyalty among Hispanics, the Chevy sports car does seem to retain its popularity. Still, Chevrolet's Ms. Dailey cautions, "you can't always pinpoint why a particular product is of interest to a specific group."

Chrysler would like to find that particular product. None of the Chrysler Corporation lines, whether it be Plymouth, Dodge, Jeep, or Eagle, has a top 10 share in the Hispanic market. The company's biggest success is the Dodge line at position 12, with a 2.8 percent share of the

When it comes to luxury cars, the Cadillac de Ville takes first place. Cadillac's popularity is growing along with the expanding high income Hispanic segment.

Sales of the Mercury Tracer helped place Mercury on the list of top car lines sold to the Hispanic market in 1989.

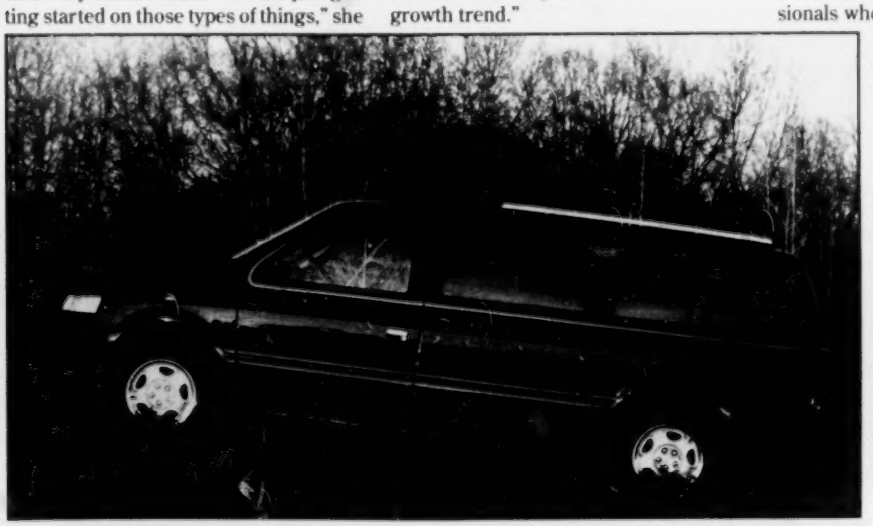
market. Part of Chrysler's problem has been its tardiness in advertising to the Hispanic market. The company took its first tentative steps in print advertising only about five years ago. Now it does a lot in television.

Mary Suchara, corporate advertising program manager for Chrysler, says the company's advertising budget for the Hispanic market has increased dramatically, and she is looking toward a big push for the new model year. "We are developing more TV than we have in the past, and it will be more encompassing," she says. "We will be able to do a little more in the community, so we are really looking forward to kicking the new model year off in October."

Certainly Chrysler's community involvement-type marketing is still at a low level. Ms. Suchara explains that the company has sponsored community programs on a very limited basis. "We are just getting started on those types of things," she says. "But it certainly hasn't grown to the same significance as our overall advertising penetration has."

Chrysler's advertising approach to Hispanics is interesting, in that it promotes the whole range of the company's lines, but focuses on different models in these lines from year to year. This focus is based on ongoing research to determine which models have the most appeal.

Now, the company definitely feels its Hispanic market share is increasing. As Ms. Suchara emphasizes, "we are on a growth trend."



The Dodge Grand Caravan, created for upscale consumers, topped all competitors in a study of U.S. customer satisfaction this year.

Well, if everybody's on a growth kick, who is losing? Someone's share expansion has to be the result of someone else's loss in market share. After all, 100 percent can only go so far. To understand which company is taking a dive in market share, one needs to know a little bit about the Hispanic auto market as depicted in statistical reports.

As noted, the largest segment of the Hispanic market is much more likely to buy an economy car. As a younger group, it includes a large population of professionals who have not reached their peak in buying power. It also includes a large population of immigrants and first generation individuals, who also are working their way up the salary scale. When R.L. Polk looked at the occupations of Hispanic heads of households that were buying automobiles, it saw a somewhat larger percentage of blue-collar workers in the Hispanic segment. Further, while there is a large and obviously expanding Hispanic population making $50,000 and over, the median income of the Hispanic car buyer was a bit lower, at $31,400, than that of non-Hispanics, at $35,900.

Chevrolet's Ms. Dailey also notes, "The younger age group is where the majority of purchases are coming from—and from many of the markets where small cars are important. When you look at the part of the Hispanic population that is purchasing vehicles, it is younger and concentrated in areas where you want to consider a small car—like Los Angeles,

Sleek and racy will define the Pontiac Firebird Trans Am: one of the General Motors cars that have done well in the Hispanic market.

San Francisco, Miami. These are crowded metros where you really don't want to be driving a big car."

With all that in mind, it's easy to see why eight of the 10 best selling vehicles to Hispanics were essentially economy cars—the only two that were not were the Chevrolet Camaro and the Honda Accord. Of the 12 specific car lines that have double or more the market share among Hispanics that they have among non-Hispanics, almost every vehicle on the list was an economy car. These include the Nissan Sentra, Hyundai Excel, Chevrolet Celebrity (Mexico), Toyota Tercel, Honda Civic, Isuzu Mark I, Plymouth Colt, Mitsubishi Mirage, and Yugo.

Cutthroat competition is occurring here at the lower end. One of the biggest losers has been Hyundai. In 1987, Hispanics bought 18,455 Hyundai Excels. Two years later the number was 12,617. Market share dropped from 8.3 percent in 1988 to 6.1 percent in 1989, and should decrease further as the subcompact market gets more crowded.

Maurice Bowen, national advertising manager with Hyundai, says the company's share losses in the Hispanic market are simply a reflection of what is happening in the overall market. "When we started in business in 1986, we were filling a vacuum," he says. "There were fewer and fewer models in the sub-compact segment of the market. But our competitors were fairly quick to respond, and within a couple of years we had a whole bunch of entries into that segment."

The Hyundai was an entry level car that was sorely needed in some markets, and probably in the Hispanic market, because it succeeded there very nicely even though Hyundai did only general market advertising, a practice it has not changed. "The tremendous success with Hispanics in the first several years was directly through the general market efforts we were making," Mr. Bowen confirms.

Another auto maker that might also lose market share is Nissan. While other companies have improved, Nissan's share stayed the same from 1988 to 1989, despite the market growth of its Sentra model. The Sentra is not only the best selling vehicle to Hispanics, but is the vehicle with the biggest differential in share between the Hispanic and general markets. Nissan didn't return calls to HISPANIC BUSINESS, but *Ward's Auto Dealer* magazine noted in 1989 that its Hispanic advertising efforts in 1990 would be about the same as the year before. This is at a time when all three domestic manufacturers will be coming into the market with bigger budgets and wider presence. In addition, Toyota will be introducing a direct competitor to the Sentra—a brand new Tercel—in 1991, and plans to be extremely aggressive in the Hispanic market with it.

Among the domestics, the non-Chevrolet General Motors vehicles had very little impact with Hispanics until the late 1980s, and such lines as Oldsmobile and Buick might well be concerned about holding the market share they presently command. The best performing non-Chev-

Oldsmobile is one of the most popular nameplates with Hispanics, and the Cutlass Ciera Sedan is the most often purchased Oldsmobile in this market.

rolet GM line has been Pontiac (5.8 percent market share); chiefly because of the sportier Trans Am and Fiero.

Overall, this year is expected to be a real dogfight in the Hispanic market. As Orci & Asociados' Mr. Shaw notes, "It's not just the foreign dealers. Ford and Chevrolet are in it. Chrysler has increased its activity. New people—Volkswagen, Mitsubishi—are in the market. Mazda has come in with force. The market has increased substantially since last year, and 1990 will a tough year."

The picture in the truck market is different. While the American makers have seen their wide advantage over foreign car imports dissipate in the Hispanic market, domestic *trucks* still dominate strongly.

During 1989, 167,628 trucks of all types were sold to Hispanics. Of these, 57,803 were sold in California, 30,843 in Texas, and 11,063 in Florida.

According to an R.L. Polk study, Ford has a 40.9 percent market share, and Chevrolet has 38.9 percent. Of the foreign truck makers, only Toyota has a measurable share of this market, at 3.3 percent.

Ford and Chevrolet both also enjoy more than a 24 percent share of the Hispanic light truck market—an arena where foreign companies have pushed very hard. Toyota has an 11.7 percent share in light trucks, and reports spending about 60 percent of its budget for Hispanic market advertising on cars, 40 percent on trucks. Next in terms of light truck share come Dodge (8 percent), Nissan (7.7 percent), Jeep (5.5 percent), GMC (5.4 percent) and Mazda (4.1 percent).

As Flaurel English of Toyota says, "We would like to think that by focusing our [Hispanic] advertising on the Corolla, Camry, and 4x4 and 4x2 pickups we've been able to reach the audience that buys these vehicles." It has.

Nevertheless, the domestic makers have steadily increased their share of the light truck market both overall and for Hispanics. In 1986, imports grabbed 40.5% of the Hispanic market. In 1989, it was 29.4 percent. What next?

"Plenty of NADA"

Automotive Executive magazine's annual "NADA Data" report (based on information from the National Automobile Dealers Association) shows that U.S. dealership sales were up slightly in 1989—about 1.4 percent—for a total of $304 billion. New vehicles accounted for 62 percent of that total, used vehicles 23 percent, and service and parts 15 percent.

Sales dollars showed limited growth because new vehicle volume was stagnant while prices were increased only modestly, and sales of used vehicles, service, and parts grew only 3 percent (by comparison with double digit advances in 1987 and 1988).

At the same time, the profits on auto industry sales deteriorated. The average profit margin was a scant 1 percent—down from 1.7 percent in 1988, and the lowest since the 1980 recession. What's worse, some 25 percent of all dealerships, or one in every four, lost money. There's "a definite decline," says Tom Webb, chief economist of NADA's Industry Analysis division. In fact, says Mr. Webb, the composition of dealership profitability has changed since 1987, so that "profits are more from the smaller parts of the business—that is, from service, parts, and used vehicles—than from new vehicles."

The culprit in this equation was expenses, which increased proportionately with sales dollars, eating away at profitability. For example, dealers spent about $261 on advertising for each new vehicle sold last year—shelling out an average of $154,000 on total advertising. "There are all these dealers and just so many radio spots, so prices go up," says Julio Lence, owner of Lence Nissan and Lence Daihatsu in Denton, Texas. "The small guy sits out here and can't afford to advertise." And indeed, the trend is toward "fewer, but bigger dealerships," according to NADA's Mr. Webb.

Other major expenses that tear away at profits and squeeze out the little guys include rising rents (averaging $139,000 in 1989), floor-plan interest ($127,000), and especially payroll ($1 million).

A particular difficulty for smaller dealerships is that they can't cut costs the way big operations can if they have to.

Frank Galeana of Galeana Van Dyke Dodge in Warren, Michigan—the largest Hispanic-owned dealership in the country—points out that "The small dealer isn't just one person. He's the owner, the manager, the sales staff, and others. Who's he going to fire, in order to cut costs?"

Further, Mr. Galeana notes, "The little guy has to keep his inventory in line. If he only has 60 to 75 units, he can't afford to cut back." Big companies, on the other hand, can cut back and still survive, says Mr. Galeana, whose own inventory is now running at two-thirds of normal levels.

Based on all these factors, the NADA "Optimism Index" survey—which has been a remarkably reliable leading indicator in the past—shows that nearly three-quarters of all U.S. auto dealers foresee either no improvement or a decline in their profitability during the coming year.

If you can digest these statistics and *still* want to own a dealership, what would it take? "Big bucks ahead," booms Rudy Sandoval, owner of Sandoval Dodge in Las Cruces, New Mexico. And if you buy a small new or "fixer-upper" dealership, you will not have those important assets that help the large, well established dealerships maintain profitability, he points out. These benefits include repeat customers, referrals, paid-for property, and a reputation for customer satisfaction. As Mr. Lence observes, referrals and repeat customers are best and most cost effective. "They're easiest to close deals on," he says, while walk-ins, even from the best advertising, "are tough to close."

But if you do decide to invest in a dealership, or already have one, the veterans point out that you shouldn't forget to target the Hispanic market for part of your advertising budget. That goes for Mr. Sandoval in New Mexico with his 40 percent Hispanic client base as well as for Mr. Galeana up North in Michigan with his 10 percent.

THE HISPANIC BUSINESS 500

Annual Auto Survey

Facts

By Joseph Wells

manufacturer's representative, and the vehicles are replaced every 2.6 years. Most of the vehicles are made by Ford or General Motors, but the CEO probably drives a company-owned Mercedes.

In aggregate, the HISPANIC BUSINESS 500 companies have an annual vehicle acquisition and maintenance budget of $17,613,167 and an annual insurance budget of $8,724,667. Last year they bought 7,298 tires, 1,337 batteries, and 918 cellular phones. Next year they project driving a total of 54,735,849 miles and plan to buy 1,214 new vehicles. Keep in mind that there are 349,500 other Hispanic businesses out there.

Ford is the leader in market share among the 500 with 31.9 percent, followed closely by GM with its 29.9 percent stake. And, as noted in the article "Sharewars in the Showroom," Toyota has suddenly taken third position by passing Chrysler. Further, Mercedes Benz—as the number

There are probably more than 350,000 small Hispanic-owned businesses in this country. Even assuming that only one business vehicle is registered to each of these companies, we're looking at an investment of $5.6 billion. That figure is bigger than the annual government expenditures of Colorado and 23 other states. That's a lot of clout.

Unfortunately, no solid research has been available on the vehicle buying power, patterns, and plans of Hispanic-owned companies. So we at HISPANIC BUSINESS did our own survey of the businesses we're in closest touch with—the HISPANIC BUSINESS 500, which are featured annually in our June issue. The 500 represent the largest Hispanic-owned corporations in the country. Our conclusions are extrapolated from a large randomly selected group of these companies.

Overall our survey shows that the average HISPANIC BUSINESS 500 company has nine vehicles (three cars and six trucks), which are bank financed more often than leased. The vehicles represent about 9.7 percent of the company's asset base. About 48 percent of the company's vehicle servicing is done by the

Share of Company Cars

By make • Total= 1,561

Ford	39.0%
GM	29.9%
Toyota	9.2%
Chrysler	6.0%
Mercedes	5.8%
BMW	3.9%
Honda	3.2%
Other	11.1%

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The HISPANIC BUSINESS 500 show a striking parallel to the purchasing patterns of the U.S. Hispanic population, as revealed in studies by the automotive market analysts R.L. Polk and J.D. Power.

Nameplates the CEOs Drive

Total by make (rounded)

Mercedes	15.8%
Cadillac	12.7%
BMW	9.4%
Lincoln	9.4%
Ford	9.4%
Audi	4.9%
Jeep	4.9%
Volvo	4.9%
Chevrolet	3.2%
Chrysler	3.2%
Honda	3.2%
Jaguar	3.2%
Nissan	3.2%
Olds	3.2%
Toyota	3.2%
Other	6.2%

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ABOUT CLOUT!

one choice of Hispanic CEOs—is right on Chrysler's tail.

Focusing just on CEOs' cars, we found that 67 percent are company-owned. While those that are personally-owned are excluded from this business-based survey, we should note that Mercedes is the first choice in this category also. Cadillac is number two and represents GM's only stake near the top. Ford, Lincoln, and BMW are neck and neck in slot number three. Interestingly, Jeep appeared in our survey as the foremost Chrysler contender among Hispanic CEOs—sharing that fourth position with Audi and Volvo.

Our survey shows that the 500 own or lease about 4,561 vehicles, including cars, vans, and trucks. Of these, 209 are subcompacts or compacts, 784 intermediate or full-sized cars, and 568 luxury cars (total cars: 1,561); 298 are minivans or vans, 1,068 light-duty trucks, and 1,604 medium- or heavy-duty trucks (total trucks: 3,000).

Most 500 companies own all their vehicles, a few lease all vehicles, and a good many of the companies do both. In analyzing our figures we found that the high-mileage vehicles like vans and trucks are most often bought outright, while the company cars of upper management are very often leased.

Vehicles are replaced, on the average, every 2.6 years. According to current plans, as indicated by our survey, the HISPANIC BUSINESS 500 will buy 500 new cars this year (an estimated expenditure of $8 million) and 714 new trucks (for another $26 million, based on *Automotive Executive*'s average vehicle values).

What makes them buy? We asked the companies surveyed to list the criteria they use in selecting new vehicles. The first criterion in most responses was "How much it costs." "Quality and reliability" was number two. But 15 percent of the respondents said "personal preference" was the *deciding* factor—the vehicle had to look good, feel right, or in some manner impress the buyer/leaser in a personal way.

Another common answer was that the vehicle had to be "made in the U.S.A." Juan Galen, CEO of Gato Distributors in Miami, says, "My customers are all in the United States," and he views his all-American fleet of 54 trucks and five cars as an

Business Vehicles

By type • Total- 4,561

Compact	4.6%
Intermediate/Full-size	17.2%
Luxury	12.4%
Minivan/Vans	6.5%
Light-duty trucks	24.1%
Medium & Heavy-duty trucks	35.2%

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Share of Companies Purchasing/Leasing

Total- 500 companies

Purchased	59.7%
Leased	14.9%
Both	20.9%
No response	4.5%

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Criteria Used in Selecting Business Vehicles

Price	34.1%
Quality	26.2%
Personal preference	15.1%
Economy	13.2%
U.S. made	7.5%
Luxury	1.9%

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Frequency of Vehicle Replacement

Average- 2.6 years

Yearly	16.4%
2 Years	17.9%
2.5 years	19.4%
3 years	25.4%
4 years	13.5%
Over 4 years	7.5%

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THE HISPANIC BUSINESS 500

Annual Auto Survey

investment in his customer base. When these Hispanic businesses buy, they usually rely on bank funding for the purchases.

The HISPANIC BUSINESS 500 represent the most successful Hispanic-owned companies in the country, those with the most financial clout. Sad to say, good data about Hispanic businesses as a whole are sorely lacking, and economic Census data are chronically out of date. But more and more of the "big-time" research companies like Polk, Power, Nielsen, *et al.*, are now analyzing the Hispanic consumer market. Can the Hispanic business segment of that market be long ignored?

Company Vehicle Financing

Bank	70.2%
Cash	23.4%
Other	6.4%

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Examining Your Options

Transportation can affect every aspect of a business, including customer satisfaction, the costs of goods sold, and profit margins. In fact for many businesses—expecially smaller ones—the transportation-related decisions are among the most important they will make. Should you rent? Buy? Lease? And the choices are harder to make nowadays, since transportation industry deregulation has caused an explosion in the number of transport options that are available.

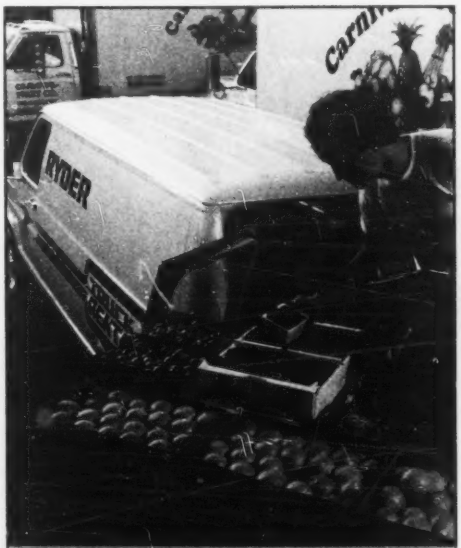
Among the most popular new offerings are full-service leasing businesses, which can begin with consulting if you like. They will determine the most cost-effective approach to obtaining equipment over a period of years. This includes assessing the company's strategy, defining the mix of cars and truck weights needed, and calculating which of these should be leased, which bought, which rented.

A lot of it is common sense. For example, they'll tell you no company should have a permanent fleet bigger than it needs during its slowest period. The cost of renting, even for deliveries several times a week, may be more economical than keeping a permanent fleet.

The other side of the rental coin is that you can use it to experiment and build an operation. Renting might be best when you have an one-time need and the alternative would be to pull a vehicle off its regular route, or it might be more cost effective when you're just exploring a new business opportunity and probably shouldn't be committing to a long-term increase in overhead.

Once you decide on your permanent fleet needs, two rules of thumb often apply to the buy/lease decision. High-mileage vehicles—the heavier trucks that will be kept for many years—should be bought. Low-mileage vehicles—usually cars that are traded in every two to three years—should be leased. Although new tax incentives should be considered that will make it more attractive for some companies to lease .

If the client wants, the full-service leasing companies will finance the purchase of any equipment being bought, ordering it to conform to the customer's specific needs. They are also able to devise efficient route plans, recruit and evaluate drivers, provide comprehensive driver safety programs, and advise on issues such as driver payroll, taxes, and labor relations. Or they will provide the drivers and support services themselves—including maintenance management, paperwork, cost control, and vehicle disposal.



One company that offers a full line of transportation planning and leasing services is the Miami-based Ryder Truck Rental Inc.

Finally, If you lean toward leasing, shop around, say industry experts. Picture leasing as merely another way of financing your fleet. Lessors calculate payments based on the purchase value of the vehicle now and at the end of the lease—two values not necessarily carved in stone (until you sign the lease). And if you have an option to buy at the end, keep negotiating.

Among the straight fleet leasing plans offered are GM's "Smart lease" and Ford's "The Plan."

When Opportunity Honks

There's plenty of leg room for research on the Hispanic auto market.

By Joseph Wells

One thing we learned when we started looking for statistics on the Hispanic automotive market: this field of research is in its infancy. Media looking for original research are being forced to do it themselves.

We soon found that any estimate of Hispanic spending on cars and trucks would have to be a patchwork (see "How Big is the Pot?", page 52). And in fact we ended up producing one of the biggest pieces of that statistical quilt ourselves (see our "HISPANIC BUSINESS 500 Auto Usage Survey," page 34).

Our "research on the research" took us first to the major auto makers. We found that a few of them—Honda, for example—are beginning to study the Hispanic market closely and are designing new targeted ad campaigns on that basis. But because these statistics give them a competitive advantage, they want to keep such proprietary information to themselves.

Next we turned to two commercial research houses that produce the statistics everybody quotes on the U.S. auto market—J.D. Power and R.L. Polk. They helped us generously by doing special sorts of their overall market information to scope out what Hispanics spend on personally registered new cars and trucks. But as Power's Marketing Director Dennis Ricci points out, they are "well aware that we're missing a lot of Hispanics." Power did its questionnaire only in English, and Polk's survey of registrations missed buyers who don't have obviously Hispanic surnames.

Further, many of their statistics are not produced frequently enough given the swiftness of change in the auto market. For example, the Polk report we drew from to define "The Top 40 Models Bought by Hispanics" was the most recent available—for model year 1988. While it remains largely relevant, Hyundai has lost considerable share since 1988.

We had to do our own research to define one big piece of the Hispanic auto market—the amount America's 350,000 Hispanic businesses invest in their fleets. To get at this number, we did a survey of HISPANIC BUSINESS 500 expenditures and projected from that.

The only other really original publicly available research we found was a national survey of Hispanic new car buyers done by Ward's Communications—summarized in "The Unpredictables" by our automotive correspondent, Ralph Gray.

So our foray into the jungle of automotive research did take us a long way toward defining how much clout Hispanics can claim in this industry. Maybe more important, it showed us what still has to be done, and that much of the research burden will be on us.

THE TOP 40

Models Bought by Hispanics

Rank	Model	% of Vehicles Purchased	Rank	Model	% of Vehicles Purchased
1	Hyundai Excel*	6.1%	21	Ford Thunderbird	1.2
2	Nissan Sentra	4.4	22	Toyota Tercel	1.2
3	Honda Accord	4.2	23	Chrysler Le Baron	1.1
4	Olds Cutlass	3.9	24	Chrysler New Yorker	1.1
5	Ford Escort	3.8	25	Cadillac De Ville	1.0
6	Chevrolet Cavalier	2.7	26	Mazda 323	1.0
7	Ford Mustang	2.5	27	Nissan Maxima	1.0
8	Honda Civic	2.5	28	Olds Delta 88	1.0
9	Pontiac Grand Am	2.5	29	Toyota Celica	1.0
10	Ford Tempo	2.2	30	Buick La Sabre	0.9
11	Toyota Camry	2.1	31	Nissan Pulsar	0.9
12	Chevrolet Camaro	1.9	32	Pontiac LeMans	0.9
13	Ford Taurus	1.9	33	Volkswagen Jetta	0.9
14	Toyota Corolla	1.9	34	Chevrolet Spectrum	0.8
15	Chevrolet Beretta	1.7	35	Honda Prelude	0.8
16	Chevrolet Corsica	1.5	36	Mercury Grand Marquis	0.8
17	Mercury Cougar	1.5	37	Pontiac Grand Prix	0.8
18	Chevrolet Celebrity	1.3	38	Pontiac Sunbird	0.8
19	Buick Regal	1.2	39	Subaru DL/GL	0.8
20	Chevrolet Nova	1.2	40	Volkswagen Fox	0.8

* Note position has dropped since survey.
Source: R.L. Polk report "The Hispanic Car Market: Economic and Ethnic Realities" (for model year 1988).

Research

The Unpredictables

By Ralph Gray

One size does not fit all when it comes to selling vehicles to Hispanics, according to a recent study of 400 Hispanic car and truck owners in four key markets—Los Angeles, Miami, New York City, and San Antonio. It's no longer a monolithic marketplace, if it ever was.

The study, conducted for Ward's Communications (publisher of *Ward's Auto World*) by the Interviewing Service of America in Van Nuys, California, probed the influence of advertising and other factors on Hispanic auto purchases.

The survey results depict a diverse Hispanic market. For example, although it was long considered "gospel" that broadcast advertising to Hispanics should be done in Spanish, only 37 percent of those responding to the Ward's survey indicate that broadcasts in Spanish were "most important" in influencing their purchase decision. Twenty-seven percent say English broadcasts were most important. In terms of print ads, only 10 percent picked Spanish-language ads, while 27 percent picked print ads in English.

There are big regional differences in these preferences, however, with New York generally representing the "average."

In terms of broadcast language preferences, no area leans more heavily to Spanish than Miami, with 45 percent, while 40 percent of the San Antonio Hispanics prefer broadcasts in English over Spanish.

Spanish print ads are even less important to the folks in San Antonio. Only 3 percent of them say they prefer Spanish print ads—versus the 31 percent who rank English language print ads higher. And even Miami, the true bastion of Spanish broadcast preference, gives Spanish print a meager 9 percent rating. The survey also assessed the factors that affect Hispanics' choices of auto dealerships. Manufacturer's reputation, not the ethnicity of the dealer, is the most important consideration. Then dealer reputation runs a close second, with location ranking third. Dealer ability to speak Spanish is fourth, and the dealer's Hispanic heritage ranks fifth.

When asked to assess the importance of each of these factors individually on a scale of five to one—one being highest—the Ward's respondents place buying from a Hispanic dealer at 3.14 on average, the lowest of the five ratings. Only those polled in Los Angeles rate it higher, at 2.86, while San Antonio residents put it lowest, at 3.54.

The same pattern prevails regarding the importance of buying a vehicle from a dealership where Spanish is spoken. Nationally the rating is 3.05. Survey respondents in New York (2.98) and Los Angeles (2.71) tend to believe ability to converse in Spanish is somewhat more important than do those in San Antonio (3.41) and Miami (3.10).

A projection done by the Hispanic Policy Development Project of Washington, D.C. seems to indicate that ability to speak Spanish will become less important. The projection shows the share of Hispanics speaking only Spanish dropping to 19 percent within 10 years, versus 21 percent in 1986, although the numbers of all groups will increase with the growth of the Hispanic population. The projection also indicates that the bilingual (Spanish-English speaking) population will become almost half again as big as it is today (a 44 percent increase) over the next 10 years, and 45 percent of those bilinguals will prefer English over Spanish, compared with 43 percent in 1986. Meanwhile the proportion of bilinguals preferring Spanish will remain at a constant 37 percent.

An important part of Ward's survey, of course, covers the kinds of cars and trucks Hispanics will buy. For years, marketers have considered Hispanics to be true blue, buy-American-brands-only customers. That's changing, Ward's says.

While 59 percent of those surveyed own domestic cars, only 54 percent plan to buy a new domestic car the next time. That would raise the percentage owning imported cars from 28 percent to 33 percent.

Only in trucks do the domestic manufacturers hold their own. Now 15 percent of the survey participants own domestic light trucks, and the slippage is slight on intentions—to 14.5 percent. That half percent is gained by import trucks, which would rise to 3.5 percent.

For domestic trucks, the big market is Los Angeles, where 25 percent of the area's survey respondents own U.S. makes (surprisingly, since LA is considered the "hotbed" of imports). San Antonio is next at 21 percent, followed by Miami at 8 percent and New York at 5 percent. The slight slippage to imports is less likely to come in Miami, New York, or San Antonio, where import trucks make up (in the same order) zero, 1, and 2 percent of the surveyed Hispanics' vehicles.

The big market for domestic cars is San Antonio. Of the survey respondents owning U.S. makes, 33 percent are in San Antonio, followed by Miami at 28 percent, Los Angeles at 25 percent, and New York at 14 percent. Imported cars are biggest in Los Angeles. Of the participants owning imports, 37 percent are in LA, and 31 percent are in Miami. Less big on foreign cars are New York (17 percent) and San Antonio (15 percent).

Finally, what brands of cars and trucks do Hispanics buy most? Four names consistently appear at the tops of the lists for the regions surveyed (as reported in *Ward's Auto World*, December 1989): Chevrolet, Ford, Toyota, and Nissan.

But as we've seen, the Hispanic market can not be approached with outdated assumptions. Things could be different next year, and the success of the various makers will depend on how well they listen.

IMPORTANCE OF LANGUAGE IN ADVERTISING

% Considering Medium Most Important

	Los Angeles	New York	Miami	San Antonio	Overall
BROADCAST					
English	19%	27%	20%	40%	27%
Spanish	43%	39%	45%	19%	37%
PRINT					
English	23%	17%	15%	31%	22%
Spanish	12%	14%	9%	3%	10%

Source: Ward's Communications Auto Dealer Survey. Total surveyed= 400

ship earlier simply because he didn't have enough money. "The minimum investment now is $75,000 to $100,000, and that will get you only a small dealership," Mr. Galeana says. "And the problem with a small dealership is that the dealer must be a person of many trades, a service provider as well as a salesperson. That will take you maybe 70 to 80 hours a week, and lots of dealers are not willing to put in the time that it takes to make a dealership go," he concludes.

Flor (Shorty) Navarro says you need even more money to have a good chance of achieving success. Mr. Navarro, who owns Stadium Lincoln-Mercury in Youngstown, Ohio, says that "by the time you buy your parts, your equipment, and your used car department, $500,000 is nothing." When he started a decade ago he had only $100,000, "but I had a good knowledge of the used car business." Mr. Navarro also cautions Hispanics not to attempt a shortcut by participating in a minority dealer development program. "Any Hispanic who goes for that deal has got to be dumb—it's a stupid move. If you have a little money you are going to blow it." He says that Hispanics or blacks trying to get a dealership with only $50,000 to $100,000 are almost certain to fail. "A lot of minorities are going down the drain right now, because business is tough," Mr. Navarro says seriously.

Another Hispanic dealer who has reservations about today's minority dealer development programs is Ernesto Ancira, Jr. of San Antonio. Mr. Ancira has Jeep, Eagle, Chevrolet, and GMC Truck franchises. He says that he feels insulted by special programs for minorities. "If we are subsidized," Mr. Ancira says, "we will develop into a group that can only survive through subsidies." He says that he "started with zilch other than a lot of b.s. Nobody gave me any special assistance, and I didn't *want* any. My ego didn't allow me." The fact remains, however, that minority dealer development programs are not a subsidy. They are a necessity to diversify dealer ownership, and the fact that not many minorities have been able to do what Mr. Ancira did confirms this, according to Mr. Padilla.

Another Texan, Democratic Congressman Solomon Ortiz, says he is doing his best to encourage Japanese investors to back "Hispanic businesspeople, particularly in automobile dealerships." He says he expressed this objective to the then Prime Minister of Japan, Yasuhiro Nakasone, when he visited Japan with a trade mission sponsored by the Congressional Hispanic Caucus, and "will continue to work toward seeing Hispanic businesses garner a bigger share of the Japanese car industry."

The second area where Hispanics want more reciprocity is in employment. Few Hispanics have risen to management levels in the car companies (see "Who's on Top?"). And, with Detroit generally scaling back employment, opportunities for

How Big is the Pot?

Just how big is the growing Hispanic automotive market, anyway? Everybody says Hispanics "must be spending billions" on automotive products, but HISPANIC BUSINESS wants to make it more specific.

Our conservative conclusion is that U.S. Hispanics spent around $7 billion on new cars and trucks for personal use last year, and about $2.8 billion on used vehicles. We also found that Hispanics spend a larger portion of their disposable income (personal income excluding all taxes) on vehicles than the population in general.

We could not determine expenditures for cars and trucks purchased by Hispanics for their *businesses*, because most business owners register their cars and trucks to their companies and not as personal assets. But we do estimate that total "user-operated transportation" expenditures for U.S. Hispanics are approximately $15 billion a year.

Our findings are largely based on key data from J.D. Power and Associates, a marketing information company located in Agoura Hills, California. Power got its information from a large nationwide sample of new cars bought for personal use, says Marketing Director Dennis Ricci.

The Power data indicate that 327,266 Hispanics purchased new cars for personal use in 1989. Of these, 179,474 (55 percent) purchased domestic cars, and 147,791 (45 percent) purchased imports.

To provide a cross-check, we then used information from another respected source—R.L. Polk & Co. of Detroit, a leader in the information industry. While Power uses the registered owner's "self identification" to determine ethnicity, Polk depends on identification by Spanish surnames. And, while Power reports on total U.S. sales, Polk provides figures only for the top 24 Hispanic Areas of Dominant Influence (ADIs).

Polk reports 228,636 new car registrations to Hispanics in the top 24 ADIs. Calculating that these ADIs represent about 82 percent of the total U.S. Hispanic market 18 years and older, we extrapolated those figures to the entire country. The resulting number of new car registrations to Hispanics was lower than Power's—278,824.

Splitting the difference between Power and Polk, we reached a "best estimate" of new car sales to Hispanics in 1989. The number is about 303,000.

So what was the total price tag? According to the U.S. Department of Commerce, the average retail price of domestic cars was $14,920 in 1989, and the average price of the imports was $16,575.

Simple arithmetic shows that Hispan-

Hispanics are likely to become even more difficult. Congressman Albert Bustamante (Democrat of Texas) stresses that more Hispanic auto workers are a must. "We know that in the big factory areas, although Hispanics are working there, they are not in the numbers we would like, he says." Representative Bustamante points out that since the available labor pool of Hispanics differs widely from area to area, total labor force comparisons between the different manufacturers are not the whole story. Nevertheless, it is clear that Hispanic workers are underrepresented in the top auto makers.

General Motors, not surprisingly, employs the most Hispanics. At the end of last year that giant company employed 11,673, out of an overall U.S. work force of 414,211, according to a GM spokesperson. That's 2.8 percent of the total.

As of January 1, 1990, Ford employed 3,628 Hispanics, out of 175,100 workers. That's 2.1 percent, but it could have been worse, according to Ed Rodriguez, Ford's assistant manager for corporate urban programs. Ford has actually increased Hispanic employment by 11.4 percent over the past five years, he emphasizes, at the same time it was making a 5 percent cut in its overall payroll.

Chrysler also provided employment data, although, "Unlike GM and Ford, we don't have any major manufacturing facilities in high Hispanic population areas," says Steve Harris, Chrysler's director of public relations. Chrysler employed 1,281 Hispanics out of a total work force of 91,500 at the end of 1989. That's 1.4 percent of its employment.

For Toyota, employment of Hispanics in its marketing arm, Toyota Motor Sales, USA Inc. headquartered in the heavily Hispanic Los Angeles area, is correspondingly high. Of a total employment of 4,400, Hispanics accounted for 13 percent as of March 31, 1990. According to Toyota spokesperson Christi Abe, their Hispanic employment has grown in number and percentage every year since 1974, when it was 3.4 percent.

At the plant jointly owned by Toyota and General Motors near Fremont, California, Hispanic employment has remained constant for the past two years at 28 percent of 2,800 employees, according to spokesperson Michael Damer. This is a separate company called New United Motor Manufacturing Inc. (NUMMI).

Another separate company known as Toyota Motor Manufacturing, USA Inc. near Georgetown, Kentucky, is Toyota's largest production facility outside of Japan. Significantly, while the two Toyota units in California readily provided Hispanic employment data, spokesperson Michelle Celsor says that Toyota Motor Manufacturing "does not divulge information for specific minorities."

Nissan's manager of equal employment opportunity programs, Ernest Stroman, told HISPANIC BUSINESS that we would have to make our request for employment

How Big is the Pot? —CONTINUED

ics spent about $2.5 billion for domestic cars and $2.3 billion for imports—a total of just under $4.8 billion. And, adjusting to reflect a slight preference among Hispanics for somewhat less expensive vehicles, the total annual Hispanic family auto market is probably about $4.7 billion.

What about trucks? The data are less plentiful here, but a Power study shows that Hispanics purchased 167,628 new vans, pickups, and sport utility vehicles for personal use in 1989, of which 119,250, or 71 percent, were domestic models, and 48,378, or 29 percent, were imports. Power says the average price Hispanics paid for domestic trucks was $14,586, and for imports it was $11,540. That points to an investment of $1.7 billion for domestic trucks and $558 million for imports, a total of almost $2.3 billion.

These figures add up to an annual grand total of about $7 billion—which of course still leaves out all cars, trucks, and vans purchased for Hispanic businesses, as well as all used vehicles purchased for both private and business use.

Importantly, our calculations demonstrated that Hispanics spend a much greater percentage of their disposable income on cars and trucks than the population overall—i.e., that cars are more important to Hispanics than to the general population. Department of Commerce figures indicate that Americans spent a total of $99.7 billion on new cars and trucks in 1989. That's 2.7 percent of their total disposable income. Hispanics, by comparison, spent 4.9 percent of their estimated purchasing power of $142.4 billion on new cars and trucks for personal use last year.

Overall U.S. used vehicle sales were $41.6 billion in 1989, according to the Department of Commerce. This amounted to 1.1 percent of the overall population's disposable income. Assuming that Hispanics spent the same percent of their disposable income on used vehicles as the population at large, Hispanic used car sales would have been at least $1.6 billion in 1989. Then, if we assume that Hispanics spent as much more of their disposable income than the general population for used vehicles as they do for new ones, that figure would be $2.8 billion.

The general population in 1989 spent a total of $387.6 billion on all "user-operated transportation," including new and used vehicles; accessories like tires; repairs, washing, and parking; and gas and oil. Assuming that Hispanics spend just the same portion of their total disposable income as the overall population, their annual automobile expenditures amount to a gigantic $14.8 billion.

Estimated 1989 Hispanic Automotive Expenditures

CATEGORY	$ BILLIONS
New cars for personal use	$4.7
New trucks for personal use	$2.3
Used cars/trucks	$2.8
Total "User-operated transportation"	$15.0